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MESSAGE OF THE PRESIDENT OF THE UNITED STATES TO CONGRESS, DECEMBER 8, 1922

Members of the Congress: So many problems are calling for solution that a recital of all of them, in the face of the known limitations of a short session of Congress, would seem to lack sincerity of purpose. It is four years since the World War ended, but the inevitable readjustment of the social and economic order is not more than barely begun. There is no acceptance of pre-war conditions anywhere in the world. In a very general way humanity harbors individual wishes to go on with war-time compensations for production, with pre-war requirements in expenditure. In short, everyone, speaking broadly, craves readjustment for everybody except himself, while there can be no just and permanent readjustment except when all participate.

The civilization which measured its strength of genius and the power of science and the resources of industries, in addition to testing the limits of man power and the endurance and heroism of men and women—that same civilization is brought to its severest test in restoring a tranquil order and committing humanity to the stable ways of peace.

If the sober and deliberate appraisal of pre-war civilization makes it seem a worth-while inheritance, then with patience and good courage it will be preserved. There never again will be precisely the old order; indeed, I know of no one who thinks it to be desirable. For out of the old order came the war itself, and the new order, established and made secure, never will permit its recurrence.

It is no figure of speech to say we have come to the test of our civilization. The world has been passing—is to-day passing—through a great crisis. The conduct of war itself is not more difficult than the solution of the problems which necessarily follow. I am not speaking at this moment of the problem in its wider aspect of world rehabilitation or of international relationships. The reference is to our own social, financial, and economic problems at home. These things are not to be considered solely as problems apart from all international relationship, but every nation must be able to carry on for itself, else its international relationship will have scant importance.

Doubtless our own people have emerged from the World War tumult less impaired than most belligerent powers; probably we have made larger progress toward reconstruction. Surely we have been fortunate in diminishing unemployment, and our industrial and business activities, which are the lifeblood of our material existence, have been restored as in no other reconstruction period of like length in the history of the world. Had we escaped the coal and railway strikes, which had no excuse for their beginning and less justification for their delayed settlement, we should have done infinitely better. But labor was insistent on holding to the war heights, and heedless forces of reaction sought the pre-war levels, and both were wrong. In the folly of conflict our progress was hindered, and the heavy cost has not yet been fully estimated. There can be neither adjustment nor the penalty of the failure to readjust in which all do not somehow participate.

The railway strike accentuated the difficulty of the American farmer. The first distress of readjustment came to the farmer, and it will not be a readjustment fit to abide until he is relieved. The distress brought to the farmer does not affect him alone. Agricultural ill fortune is a national ill fortune. That one-fourth of our population which produces the food of the Republic and adds so largely to our export commerce must participate in the good fortunes of the Nation, else there is none worth retaining.

Agriculture is a vital activity in our national life. In it we had our beginning, and its westward march with the star of the empire has reflected the growth of the Republic. It has its vicissitudes which no legislation will prevent, its hardships for which no law can provide escape. But the Congress can make available to the farmer the financial facilities which have been built up under Government aid and supervision for other commercial and industrial enterprises. It may be done on the same solid fundamentals and make the vitally important agricultural industry more secure, and it must be done.

This Congress already has taken cognizance of the misfortune which precipitate deflation brought to American agriculture. Your measures of relief and the reduction of the Federal reserve discount rate undoubtedly saved the country from widespread disaster. The very proof of helpfulness already given is the strongest argument for the permanent establishment of widened credits, heretofore temporarily extended through the War Finance Corporation.

The Farm Loan Bureau, which already has proven its usefulness through the Federal land banks, may well have its powers enlarged to provide ample farm production credits as well as enlarged land credits. It is entirely practical to create a division in the Federal land banks to deal with production credits, with the limitations of

time so adjusted to the farm turnover as the Federal reserve system provides for the turnover in the manufacturing and mercantile world. Special provision must be made for live-stock production credits, and the limit of land loans may be safely enlarged. Various measures are pending before you, and the best judgment of Congress ought to be expressed in a prompt enactment at the present session.

But American agriculture needs more than added credit facilities. The credits will help to solve the pressing problems growing out of war-inflated land values and the drastic deflation of three years ago, but permanent and deserved agricultural good fortune depends on better and cheaper transportation.

Here is an outstanding problem, demanding the most rigorous consideration of the Congress and the country. It has to do with more than agriculture. It provides the channel for the flow of the country's commerce. But the farmer is particularly hard hit. His market, so affected by the world consumption, does not admit of the price adjustment to meet carrying charges. In the last half of the year now closing the railways, broken in carrying capacity because of motive power and rolling stock out of order, though insistently declaring to the contrary, embargoed his shipments or denied him cars when fortunate markets were calling. Too frequently transportation failed while perishable products were turning from possible profit to losses counted in tens of millions.

I know of no problem exceeding in importance this one of transportation. In our complex and interdependent modern life transportation is essential to our very existence. Let us pass for the moment the menace in the possible paralysis of such service as we have and note the failure, for whatever reason, to expand our transportation to meet the Nation's needs.

The census of 1880 recorded a population of 50,000,000. In two decades more we may reasonably expect to count thrice that number. In the three decades ending in 1920 the country's freight by rail increased from 631,000,000 tons to 2,234,000,000 tons; that is to say, while our population was increasing less than 70 per cent, the freight movement increased over 250 per cent.

We have built 40 per cent of the world's railroad mileage, and yet find it inadequate to our present requirements. When we contemplate the inadequacy of to-day it is easy to believe that the next few decades will witness the paralysis of our transportation-using social scheme or a complete reorganization on some new basis. Mindful of the tremendous costs of betterments, extensions, and expansions and mindful of the staggering debts of the world to-day, the difficulty is magnified. Here is a problem demanding wide vision and the avoidance of mere makeshifts. No matter what the errors of the past, no matter how we acclaimed construction and then condemned

operations in the past, we have the transportation and the honest investment in the transportation which sped us on to what we are, and we face conditions which reflect its inadequacy to-day, its greater inadequacy to-morrow, and we contemplate transportation costs which much of the traffic can not and will not continue to pay.

Manifestly, we have need to begin on plans to coordinate all transportation facilities. We should more effectively connect up our rail lines with our carriers by sea. We ought to reap some benefit from the hundreds of millions expended on inland waterways, proving our capacity to utilize as well as expend. We ought to turn the motor truck into a railway feeder and distributor instead of a destroying competitor.

It would be folly to ignore that we live in a motor age. The motor car reflects our standard of living and gauges the speed of our present-day life. It long ago ran down Simple Living, and never halted to inquire about the prostrate figure which fell as its victim. With full recognition of motor-car transportation we must turn it to the most practical use. It can not supersede the railway lines, no matter how generously we afford it highways out of the Public Treasury. If freight traffic by motor were charged with its proper and proportionate share of highway construction, we should find much of it wasteful and more costly than like service by rail. Yet we have paralleled the railways, a most natural line of construction, and thereby taken away from the agency of expected service much of its profitable traffic, which the taxpayers have been providing the highways, whose cost of maintenance is not yet realized.

The Federal Government has a right to inquire into the wisdom of this policy, because the National Treasury is contributing largely to this highway construction. Costly highways ought to be made to serve as feeders rather than competitors of the railroads, and the motor truck should become a coordinate factor in our great distributing system.

This transportation problem can not be waived aside. The demand for lowered costs on farm products and basic materials can not be ignored. Rates horizontally increased, to meet increased wage outlays during the war inflation, are not easily reduced. When some very moderate wage reductions were effected last summer there was a 5 per cent horizontal reduction in rates. I sought at that time, in a very informal way, to have the railway managers go before the Interstate Commerce Commission and agree to a heavier reduction on farm products and coal and other basic commodities, and leave unchanged the freight tariffs which a very large portion of the traffic was able to bear. Neither the managers nor the commission saw fit to adopt the suggestion, so we had the horizontal reduction

too slight to be felt by the higher class cargoes and too little to benefit the heavy tonnage calling most loudly for relief.

Railways are not to be expected to render the most essential service in our social organization without a fair return on capital invested, but the Government has gone so far in the regulation of rates and rules of operation that it has the responsibility of pointing the way to the reduced freight costs so essential to our national welfare.

Government operation does not afford the cure. It was Government operation which brought us to the very order of things against which we now rebel, and we are still liquidating the costs of that supreme folly.

Surely the genius of the railway builders has not become extinct among the railway managers. New economies, new efficiencies in cooperation must be found. The fact that labor takes 50 to 60 per cent of total railway earnings makes limitations within which to effect economies very difficult, but the demand is no less insistent on that account.

Clearly the managers are without that intercarrier, cooperative relationship so highly essential to the best and most economical operation. They could not function in harmony when the strike threatened the paralysis of all railway transportation. The relationship of the service to public welfare, so intimately affected by State and Federal regulation, demands the effective correlation and a concerted drive to meet an insistent and justified public demand.

The merger of lines into systems, a facilitated interchange of freight cars, the economic use of terminals, and the consolidation of facilities are suggested ways of economy and efficiency.

I remind you that Congress provided a Joint Commission of Agricultural Inquiry which made an exhaustive investigation of car service and transportation, and unanimously recommended in its report of October 15, 1921, the pooling of freight cars under a central agency. This report well deserves your serious consideration. I think well of the central agency, which shall be a creation of the railways themselves, to provide, under the jurisdiction of the Interstate Commerce Commission, the means for financing equipment for carriers which are otherwise unable to provide their proportion of car equipment adequate to transportation needs. This same agency ought to point the way to every possible economy in maintained equipment and the necessary interchanges in railway commerce.

In a previous address to the Congress I called to your attention the insufficiency of power to enforce the decisions of the Railroad Labor Board. Carriers have ignored its decisions, on the one hand, railway workmen have challenged its decisions by a strike, on the other hand.

The intent of Congress to establish a tribunal to which railway labor and managers may appeal respecting questions of wages and working conditions can not be too strongly commended. It is vitally important that some such agency should be a guaranty against suspended operation. The public must be spared even the threat of discontinued service.

Sponsoring the railroads as we do, it is an obligation that labor shall be assured the highest justice and every proper consideration of wage and working conditions, but it is an equal obligation to see that no concerted action in forcing demands shall deprive the public of the transportation service essential to its very existence. It is now impossible to safeguard public interest, because the decrees of the board are unenforceable against either employer or employee.

The Labor Board itself is not so constituted as best to serve the public interest. With six partisan members on a board of nine, three partisans nominated by the employees and three by the railway managers, it is inevitable that the partisan viewpoint is maintained throughout hearings and in decisions handed down. Indeed, the few exceptions to a strictly partisan expression in decisions thus far rendered have been followed by accusations of betrayal of the partisan interests represented. Only the public group of three is free to function in unbiased decisions. Therefore the partisan membership may well be abolished, and decisions should be made by an impartial tribunal.

I am well convinced that the functions of this tribunal could be much better carried on here in Washington. Even were it to be continued as a separate tribunal, there ought to be contact with the Interstate Commerce Commission, which has supreme authority in the rate making to which wage cost bears an indissoluble relationship. Theoretically, a fair and living wage must be determined quite apart from the employer's earning capacity, but in practice, in the railway service, they are inseparable. The record of advanced rates to meet increased wages, both determined by the Government, is proof enough.

The substitution of a labor division in the Interstate Commerce Commission, made up from its membership, to hear and decide disputes relating to wages and working conditions which have failed of adjustment by proper committees created by the railways and their employees, offers a more effective plan.

It need not be surprising that there is dissatisfaction over delayed hearings and decisions by the present board when every trivial dispute is carried to that tribunal. The law should require the railroads and their employees to institute means and methods to negotiate between themselves their constantly arising differences, limiting

appeals to the Government tribunal to disputes of such character as are likely to affect the public welfare.

This suggested substitution will involve a necessary increase in the membership of the commission, probably four, to constitute the labor division. If the suggestion appeals to the Congress, it will be well to specify that the labor division shall be constituted of representatives of the four rate-making territories, thereby assuring a tribunal conversant with the conditions which obtain in the different rate-making sections of the country.

I wish I could bring to you the precise recommendation for the prevention of strikes which threaten the welfare of the people and menace public safety. It is an impotent civilization and an inadequate government which lacks the genius and the courage to guard against such a menace to public welfare as we experienced last summer. You were aware of the Government's great concern and its futile attempt to aid in an adjustment. It will reveal the inexcusable obstinacy which was responsible for so much distress to the country to recall now that, though all disputes are not yet adjusted, the many settlements which have been made were on the terms which the Government proposed in mediation.

Public interest demands that ample power shall be conferred upon the labor tribunal, whether it is the present board or the suggested substitute, to require its rulings to be accepted by both parties to a disputed question.

Let there be no confusion about the purpose of the suggested conferment of power to make decisions effective. There can be no denial of constitutional rights of either railway workmen or railway managers. No man can be denied his right to labor when and how he chooses, or cease to labor when he so elects, but, since the Government assumes to safeguard his interests while employed in an essential public service, the security of society itself demands his retirement from the service shall not be so timed and related as to effect the destruction of that service. This vitally essential public transportation service, demanding so much of brain and brawn, so much for efficiency and security, ought to offer the most attractive working conditions and the highest of wages paid to workmen in any employment.

In essentially every branch, from track repairer to the man at the locomotive throttle, the railroad worker is responsible for the safety of human lives and the care of vast property. His high responsibility might well rate high his pay within the limits the traffic will bear; but the same responsibility, plus governmental protection, may justly deny him and his associates a withdrawal from service without a warning or under circumstances which involve the paralysis of

necessary transportation. We have assumed so great a responsibility in necessary regulation that we unconsciously have assumed the responsibility for maintained service; therefore the lawful power for the enforcement of decisions is necessary to sustain the majesty of government and to administer to the public welfare.

During its longer session the present Congress enacted a new tariff law. The protection of the American standards of living demanded the insurance it provides against the distorted conditions of world commerce. The framers of the law made provision for a certain flexibility of customs duties, whereby it is possible to readjust them as developing conditions may require. The enactment has imposed a large responsibility upon the Executive, but that responsibility will be discharged with a broad mindfulness of the whole business situation. The provision itself admits either the possible fallibility of rates or their unsuitableness to changing conditions. I believe the grant of authority may be promptly and discreetly exercised, ever mindful of the intent and purpose to safeguard American industrial activity, and at the same time prevent the exploitation of the American consumer and keep open the paths of such liberal exchanges as do not endanger our own productivity.

No one contemplates commercial aloofness nor any other aloofness contradictory to the best American traditions or loftiest human purposes. Our fortunate capacity for comparative self-containment affords the firm foundation on which to build for our own security, and a like foundation on which to build for a future of influence and importance in world commerce. Our trade expansion must come of capacity and of policies of righteousness and reasonableness in all our commercial relations.

Let no one assume that our provision for maintained good fortune at home, and our unwillingness to assume the correction of all the ills of the world, means a reluctance to cooperate with other peoples or to assume every just obligation to promote human advancement anywhere in the world.

War made us a creditor Nation. We did not seek an excess possession of the world's gold, and we have neither desire to profit unduly by its possession nor permanently retain it. We do not seek to become an international dictator because of its power.

The voice of the United States has a respectful hearing in international councils, because we have convinced the world that we have no selfish ends to serve, no old grievances to avenge, no territorial or other greed to satisfy. But the voice being heard is that of good counsel, not of dictation. It is the voice of sympathy and fraternity and helpfulness, seeking to assist but not assume for the United States burdens which nations must bear for themselves. We would

rejoice to help rehabilitate currency systems and facilitate all commerce which does not drag us to the very levels of those we seek to lift up.

While I have everlasting faith in our Republic, it would be folly, indeed, to blind ourselves to our problems at home. Abusing the hospitality of our shores are the advocates of revolution, finding their deluded followers among those who take on the habiliments of an American without knowing an American soul. There is the recrudescence of hyphenated Americanism which we thought to have been stamped out when we committed the Nation, life and soul, to the World War.

There is a call to make the alien respect our institutions while he accepts our hospitality. There is need to magnify the American viewpoint to the alien who seeks a citizenship among us. There is need to magnify the national viewpoint to Americans throughout the land. More, there is a demand for every living being in the United States to respect and abide by the laws of the Republic. Let men who are rending the moral fiber of the Republic through easy contempt for the prohibition law, because they think it restricts their personal liberty, remember that they set the example and breed a contempt for law which will ultimately destroy the Republic.

Constitutional prohibition has been adopted by the Nation. It is the supreme law of the land. In plain speaking, there are conditions relating to its enforcement which savor of nation-wide scandal. It is the most demoralizing factor in our public life.

Most of our people assumed that the adoption of the eighteenth amendment meant the elimination of the question from our politics. On the contrary, it has been so intensified as an issue that many voters are disposed to make all political decisions with reference to this single question. It is distracting the public mind and prejudicing the judgment of the electorate.

The day is unlikely to come when the eighteenth amendment will be repealed. The fact may as well be recognized and our course adapted accordingly. If the statutory provisions for its enforcement are contrary to deliberate public opinion, which I do not believe, the rigorous and literal enforcement will concentrate public attention on any requisite modification. Such a course conforms with the law and saves the humiliation of the Government and the humiliation of our people before the world, and challenges the destructive forces engaged in widespread violation, official corruption, and individual demoralization.

The eighteenth amendment involves the concurrent authority of State and Federal Governments, for the enforcement of the policy it defines. A certain lack of definiteness, through division of respon-

sibility, is thus introduced. In order to bring about a full understanding of duties and responsibilities as thus distributed, I purpose to invite the governors of the States and Territories, at an early opportunity, to a conference with the Federal Executive authority. Out of the full and free considerations which will thus be possible, it is confidently believed, will emerge a more adequate comprehension of the whole problem, and definite policies of National and State cooperation in administering the laws.

There are pending bills for the registration of the alien who has come to our shores. I wish the passage of such an act might be expedited. Life amid American opportunities is worth the cost of registration if it is worth the seeking, and the Nation has the right to know who are citizens in the making or who live among us and share our advantages while seeking to undermine our cherished institutions. This provision will enable us to guard against the abuses in immigration, checking the undesirable whose irregular coming is his first violation of our laws. More, it will facilitate the needed Americanizing of those who mean to enroll as fellow citizens.

Before enlarging the immigration quotas we had better provide registration for aliens, those now here or continually pressing for admission, and establish our examination boards abroad, to make sure of desirables only. By the examination abroad we could end the pathos at our ports, when men and women find our doors closed, after long voyages and wasted savings, because they are unfit for admission. It would be kindlier and safer to tell them before they embark.

Our program of admission and treatment of immigrants is very intimately related to the educational policy of the Republic. With illiteracy estimated at from two-tenths of 1 per cent to less than 2 per cent in 10 of the foremost nations of Europe, it rivets our attention to a serious problem when we are reminded of a 6 per cent illiteracy in the United States. The figures are based on the test which defines an illiterate as one having no schooling whatever. Remembering the wide freedom of our public schools, with compulsory attendance in many States in the Union, one is convinced that much of our excessive illiteracy comes to us from abroad, and the education of the immigrant becomes a requisite to his Americanization. It must be done if he is fittingly to exercise the duties as well as enjoy the privileges of American citizenship. Here is revealed the special field for Federal cooperation in furthering education.

From the very beginning public education has been left mainly in the hands of the States. So far as schooling youth is concerned the policy has been justified, because no responsibility can be so effective as that of the local community alive to its task. I believe in the cooperation of the national authority to stimulate, encourage, and

broaden the work of the local authorities. But it is the especial obligation of the Federal Government to devise means and effectively assist in the education of the newcomer from foreign lands, so that the level of American education may be made the highest that is humanly possible.

Closely related to this problem of education is the abolition of child labor. Twice Congress has attempted the correction of the evils incident to child employment. The decision of the Supreme Court has put this problem outside the proper domain of Federal regulation until the Constitution is so amended as to give the Congress indubitable authority. I recommend the submission of such an amendment.

We have two schools of thought relating to amendment of the Constitution. One need not be committed to the belief that amendment is weakening the fundamental law, or that excessive amendment is essential to meet every ephemeral whim. We ought to amend to meet the demands of the people when sanctioned by deliberate public opinion.

One year ago I suggested the submission of an amendment so that we may lawfully restrict the issues of tax-exempt securities, and I renew that recommendation now. Tax-exempt securities are drying up the sources of Federal taxation and they are encouraging unproductive and extravagant expenditures by States and municipalities. There is more than the menace in mounting public debt, there is the dissipation of capital which should be made available to the needs of productive industry. The proposed amendment will place the State and Federal Governments and all political subdivisions on an exact equality, and will correct the growing menace of public borrowing, which if left unchecked may soon threaten the stability of our institutions.

We are so vast and so varied in our national interests that scores of problems are pressing for attention. I must not risk the wearying of your patience with detailed reference.

Reclamation and irrigation projects, where waste land may be made available for settlement and productivity, are worthy of your favorable consideration.

When it is realized that we are consuming our timber four times as rapidly as we are growing it, we must encourage the greatest possible cooperation between the Federal Government, the various States, and the owners of forest lands, to the end that protection from fire shall be made more effective and replanting encouraged.

The fuel problem is under study now by a very capable fact-finding commission, and any attempt to deal with the coal problem, of such deep concern to the entire Nation, must await the report of the commission.

There are necessary studies of great problems which Congress might well initiate. The wide spread between production costs and prices which consumers pay concerns every citizen of the Republic. It contributes very largely to the unrest in agriculture and must stand sponsor for much against which we inveigh in that familiar term—the high cost of living.

No one doubts the excess is traceable to the levy of the middleman, but it would be unfair to charge him with all responsibility before we appraise what is exacted of him by our modernly complex life. We have attacked the problem on one side by the promotion of cooperative marketing, and we might well inquire into the benefits of cooperative buying. Admittedly, the consumer is much to blame himself, because of his prodigal expenditure and his exaction of service, but Government might well serve to point the way of narrowing the spread of price, especially between the production of food and its consumption.

A superpower survey of the eastern industrial region has recently been completed, looking to unification of steam, water, and electric powers, and to a unified scheme of power distribution. The survey proved that vast economies in tonnage movement of freights, and in the efficiency of the railroads, would be effected if the superpower program were adopted. I am convinced that constructive measures calculated to promote such an industrial development—I am tempted to say, such an industrial revolution—would be well worthy the careful attention and fostering interest of the National Government.

The proposed survey of a plan to draft all the resources of the Republic, human and material, for national defense may well have your approval. I commended such a program in case of future war, in the inaugural address of March 4, 1921, and every experience in the adjustment and liquidation of war claims and the settlement of war obligations persuades me we ought to be prepared for such universal call to armed defense.

I bring you no apprehension of war. The world is abhorrent of it, and our own relations are not only free from every threatening cloud, but we have contributed our larger influence toward making armed conflict less likely.

Those who assume that we played our part in the World War and later took ourselves aloof and apart, unmindful of world obligations, give scant credit to the helpful part we assume in international relationships.

Whether all nations signatory ratify all the treaties growing out of the Washington Conference on Limitation of Armament or some withhold approval, the underlying policy of limiting naval armament has the sanction of the larger naval powers, and naval compe-

tition is suspended. Of course, unanimous ratification is much to be desired.

The four-power pact, which abolishes every probability of war on the Pacific, has brought new confidence in a maintained peace, and I can well believe it might be made a model for like assurances wherever in the world any common interests are concerned.

We have had expressed the hostility of the American people to a supergovernment or to any commitment where either a council or an assembly of leagued powers may chart our course. Treaties of armed alliance can have no likelihood of American sanction, but we believe in respecting the rights of nations, in the value of conference and consultation, in the effectiveness of leaders of nations looking each other in the face before resorting to the arbitrament of arms.

It has been our fortune both to preach and promote international understanding. The influence of the United States in bringing near the settlement of an ancient dispute between South American nations is added proof of the glow of peace in ample understanding. In Washington to-day are met the delegates of the Central American nations, gathered at the table of international understanding, to stabilize their Republics and remove every vestige of disagreement. They are met here by our invitation, not in our aloofness, and they accept our hospitality because they have faith in our unselfishness and believe in our helpfulness. Perhaps we are selfish in craving their confidence and friendship, but such a selfishness we proclaim to the world, regardless of hemisphere, or seas dividing.

I would like the Congress and the people of the Nation to believe that in a firm and considerate way we are insistent on American rights wherever they may be questioned, and deny no rights of others in the assertion of our own. Moreover we are cognizant of the world's struggles for full readjustment and rehabilitation, and we have shirked no duty which comes of sympathy, or fraternity, or highest fellowship among nations. Every obligation consonant with American ideals and sanctioned under our form of government is willingly met. When we can not support we do not demand. Our constitutional limitations do not forbid the exercise of a moral influence, the measure of which is not less than the high purposes we have sought to serve.

After all there is less difference about the part this great Republic shall play in furthering peace and advancing humanity than in the manner of playing it. We ask no one to assume responsibility for us; we assume no responsibility which others must bear for themselves, unless nationality is hopelessly swallowed up in internationalism.

LIST OF PAPERS

[Unless otherwise specified, the correspondence is *from* or *to* officials in the Department of State.]

GENERAL

Conference on the Limitation of Armament, Washington, November 12 1921–February 6, 1922

The Four-Power Treaty Relating to Insular Possessions and Insular Dominions in the Region of the Pacific Ocean

Date and number	Subject	Page
1921 Undated	*Memorandum, in Outline Form, by the Secretary of State of a Conversation with Mr. Balfour, of the British Delegation, November 11, 1921* Discussion of Far Eastern questions; sentiment regarding Anglo-Japanese Alliance; Balfour's submission of two memoranda of agreements on Far Eastern questions.	1
Undated [Rec'd Nov. 11]	*Memorandum by Mr. Balfour, of the British Delegation* Proposal of two Far Eastern arrangements: (1) a tripartite arrangement to replace Anglo-Japanese Alliance and to provide for preservation of peace and maintenance of territorial *status quo* (text printed), (2) an arrangement dealing with China.	2
Undated	*Memorandum by the Secretary of State of a Conversation with the Counselor of the Japanese Embassy, November 26, 1921* Counselor's presentation of memorandum representing Shidehara's personal views with respect to Anglo-Japanese Alliance, for consideration pending arrival of instructions from Japanese Government.	3
Undated	*Draft by Ambassador Shidehara, of the Japanese Delegation, of an Arrangement between Japan, the United States of America, and the British Empire* Arrangement for preservation of peace in Pacific Ocean and maintenance of territorial *status quo*, designed to replace the Anglo-Japanese Alliance.	4
Undated	*Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Department of State, December 2, 1921, 5:30 p. m. to 7:30 p. m.* Discussion by Hughes, Balfour, and Kato: Japanese attitude toward proposed invitation to France to join a four-power arrangement on subject of Far Eastern possessions; Kato's intimation he would telegraph his country to expedite reply.	5
Undated	*Memorandum by the Secretary of State of a Conversation with Senator Schanzer, of the Italian Delegation, December 3, 1921* Italy's desire to be associated with four powers in agreement relating to matters in Far East; Hughes' explanation that four-power agreement concerns only those nations having territorial interests in Pacific.	5

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Conference on the Limitation of Armament—Continued

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1921 Undated	*Draft by the Secretary of State of an Agreement between the United States of America, the British Empire, France, and Japan* Agreement for the preservation of general peace and maintenance of rights of High Contracting Parties with respect to their insular possessions and dominions in Pacific. (Footnote: Drafting of the above after word was received from Japan that a four-power agreement would be acceptable.)	7
Undated	*Memorandum by the Technical Adviser of the American Delegation of a Conversation at the Home of the Secretary of State, December 8, 1921, 3 p.m.* Discussion by Hughes and Balfour of mandate issue as it affects pending four-power treaty. A decision to complete agreement as soon as possible and announce it to public.	8
Dec. 8	*Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Home of the Secretary of State, December 8, 1921, 4:30 p.m.* Discussion by Hughes, Balfour, Viviani, Jusserand, and Shidehara of terms of draft agreement, Shidehara objecting to inclusion of main islands of Japan in agreement, as possibly interfering with domestic rights of Japan. Suggestion for exchange of notes stating that arrangement would not interfere with domestic matters of High Contracting Parties. Draft of agreement prepared by Hughes (text printed).	13
Dec. 9	*Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Home of the Secretary of State, December 9, 1921, 10 a.m.* Discussion as to phraseology of draft agreement, Shidehara conceding inclusion of islands of Japan proper in arrangement. Draft treaty as finally agreed upon (text printed). Decision of Hughes to call meeting of heads of delegations of nine powers in plenary session to announce conclusion of agreement after hearing from France, holding U. S. signature conditional upon agreement with Japan regarding mandated islands.	23
Dec. 9	*From Jonkheer van Karnebeek, of the Netherland Delegation* Suggestion that Hughes' statement to next plenary session of conference contain assurance of U. S. cooperation toward insertion in general arrangement of a formal recognition of the territorial *status quo* of countries like the Netherlands not a party to the arrangement.	29
Undated	*Memorandum by the Secretary of State of a Conversation with M. Viviani, of the French Delegation, December 9, 1921, 6:15 p.m.* Assent of France to four-power treaty and arrangements for plenary session of conference.	30
Dec. 10	*To Certain Diplomatic and Consular Officers (tel.)* Lodge's presentation before plenary session of draft treaty and accompanying U. S. reservations. Excerpt from Lodge's speech giving purport and limitations of treaty.	30
Dec. 12	*Statement Issued to the Press by the Department of State* Announcement of conclusion of agreement with Japan respecting Island of Yap and other mandated islands in the Pacific Ocean north of the Equator; discussion of provisions of agreement.	31

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Undated	*Memorandum by the Secretary of State of a Conversation with Ambassador Shidehara, of the Japanese Delegation, December 19, 1921* Japanese request for agreement on interpretation of words "insular possessions and insular dominions" in four-power treaty, which would exclude the main islands of Japan.	37
Dec. 20	*Statement Issued to the Press from the White House* Difference of views between President Harding and U. S. delegates on construction of words "insular possessions and insular dominions," the President being of the opinion that homeland of Japan is excluded but having no objection to the construction of the delegates that homeland is included.	38
Dec. 27	*From Ambassador Ricci, of the Italian Delegation* Request for Italian accession to four-power agreement relating to Pacific; reasons for participation.	39
Dec. 29	*To Mr. Frank H. Simonds* Refutation of press article which stated France was ignored in preparation of treaty and referred to for signature only; recounting of facts in case.	40
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Jan. 3	*To Mr. Balfour, of the British Delegation* Draft of proposed identic note to the Netherland Government (text printed) announcing conclusion of treaty and giving assurance that rights of the Netherlands in relation to their insular possessions in the Pacific will be respected.	41
Jan. 7 (1)	*From the Chargé in Siam (tel.)* Siam's informal expression of support of treaty; suggestion that Siam might welcome U. S. invitation to indicate diplomatic adherence thereto.	41
Undated	*Memorandum by the Secretary of State of a Conversation with Ambassador Shidehara, of the Japanese Delegation, January 14, 1922* Discussion concerning form of a supplemental agreement for the exclusion of main islands of Japan from four-power treaty; Secretary's suggestion that main islands be defined.	42
Jan. 24	*To Ambassador Jusserand, of the French Delegation* Draft of proposed note from Shidehara submitting supplementary agreement (texts printed) providing that term "insular possessions and insular dominions" shall include only Sakhalin, Formosa, the Pescadores, and islands under mandate of Japan. Transmittal also of copy of proposed identic note to the Netherlands.	43

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1922 Jan. 28	*To M. Sarraut, of the French Delegation* Transmittal of revised draft of proposed supplementary agreement substituting "Karafuto," Japan's portion of island, for "Sakhalin," to which Shidehara agrees. Request for French text. (Sent also to Ambassador Jusserand and Mr. Balfour.)	44
Feb. 2 (7)	*To the Minister in Siam (tel.)* Instruction to express gratification at Siam's sentiments and to explain that four-power treaty relates only to problems which concern insular possessions and insular dominions in the region of the Pacific.	45
Feb. 3 (3)	*To the Minister in the Netherlands (tel.)* Note for Foreign Minister (text printed) announcing conclusion of four-power treaty and giving assurances that Netherland rights in Pacific will be respected. (Sent, *mutatis mutandis*, to Minister in Portugal.)	45
Feb. 6	*To Ambassador Shidehara, of the Japanese Delegation* No objections to making supplementary agreement.	45
Feb. 6	*Agreement between the United States of America, the British Empire, France, and Japan, Supplementary to the Treaty of December 13, 1921* Modifying term "insular possessions and insular dominions," in its application to Japan, to include only Karafuto, Formosa, the Pescadores, and islands under mandate of Japan.	46
Feb. 6 (457)	*From the Italian Ambassador* Italy's understanding that the United States will not oppose request for accession of Italy to four-power treaty if assent of other three Governments is obtained.	47
Feb. 13	*To the Italian Ambassador* Confirmation of understanding that United States would not oppose Italian request for accession to treaty if Italy obtained assent of other three signatories, pointing out that chief difficulty in way of accession lies in fact that treaty relates to insular possessions of contracting parties and that Italy has no such possessions.	47
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THE TREATY FOR THE LIMITATION OF NAVAL ARMAMENT

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Nov. 17 (390)	*From the Ambassador in Japan (tel.)* Japanese approval of U. S. proposal in its general aspects; delegation, however, instructed regarding some details as to ships to be scrapped and ships to be kept in commission; approval of proportions allotted to three countries, with slight modifications.	61
Nov. 19 (8)	*Memorandum by the French Delegation* Naval situation of France: reductions due to war and ship scrapping after armistice; contemplated building program calling for light units only for protection of seacoast and colonies; projected replacement of 10 capital ships.	62
Nov. 19 (392)	*From the Ambassador in Japan (tel.)* Report that Japanese Cabinet in general was satisfied with U. S. proposal but had left details to Admiral Kato, head of the Japanese delegation. Foreign Minister's opinion that Government would register no objection with Kato, but that there should be slight modifications.	64
Nov. 19 (199)	*To the Ambassador in Japan (tel.)* Press announcement of Japan's alleged objections to 10 : 10 : 6 ratio. Instructions to do utmost to influence Japan not to change ratio. Claim that on the basis of existing strength of capital ships, including extent of construction of ships in process, ratio would be nearer 10 : 5 than 10 : 6.	64
Nov. 23	*Memorandum by the Under Secretary of State of a Conversation with Senator Albertini, of the Italian Delegation* Italy's insistence upon naval parity with France. Its desire to be included in consortium, and inquiry whether this and subjects of petroleum and cables could be brought before conference; reply that these subjects should be settled informally outside of conference.	65
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Nov. 30 (403)	*From the Ambassador in Japan (tel.)* Attempt to organize Japanese press demand for fixed ratio of 10:7 evidently inspired by Washington delegates, Navy Department, and interested outside persons, and not by political side of Government. Conversation with Uchida on points raised in Department's telegram no. 202, November 27.	68
Nov. 30	*Memorandum by the Japanese Naval Experts* Opinion that ships under construction should not be included in estimating existing naval strength; conclusion that Japan has naval strength of at least 70 percent.	69
Undated	*Memorandum by the American Naval Experts* Refusal to agree with conclusions of Japanese naval experts that ships under construction should not be included in estimating naval strength and that Japan has naval strength of at least 70 percent.	72
Dec. 1	*Note by the Secretary to the British Empire Delegation of a Conversation between the Secretary of State and Mr. Balfour, of the British Empire Delegation, December 1, 1921, 3:30 p.m.* Hughes' objections to inclusion of Japanese uncompleted ship *Mutsu* in list of capital ships, calling attention to advanced stage of certain U. S. ships toward completion, and necessity for British building in order to maintain ratio. Discussion of Kato's suggestion for cessation of fortifications in Pacific; Hughes' differentiation between fortifications for defensive and offensive purposes.	74
Dec. 2	*Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Department of State, December 2, 1921, 5:30 p.m. to 7:30 p.m.* Deliberations by Hughes, Balfour, and Kato on proportion of capital ships: Kato's indication that cessation of fortifications in the Pacific might possibly aid in his acceptance of the 10:6 ratio, although he believed Japan was entitled to 10:7 ratio and inclusion of *Mutsu*. Hughes' insistence upon including actual percentage of construction in estimating naval strength. Balfour's opinion that Japan would be secure under 10:6 ratio.	75
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Undated	*Memorandum by the Secretary of State of a Conversation with Ambassador Jusserand, of the French Delegation, December 5, 1921* French desire to be associated with conversations regarding naval armament; Hughes' explanation that subject first to be determined is naval ratio between the United States, Great Britain, and Japan, after which subject will be taken up with France.	86
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Dec. 10 (414)	*From the Ambassador in Japan (tel.)* Uchida's denial that instructions had been given delegation to adhere to 70 percent, affirming that Japan cared more about fortifications in Philippines and Guam than about one battleship more or less; Ambassador's request that Kato be so instructed.	89
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Dec. 14	*Memorandum by the Secretary to the British Empire Delegation of a Conversation Held at the Department of State, December 13, 1921, 4 p. m.* Deliberation on rearrangement of list of ships to preserve tonnage ratio, permitting Japan to retain *Mutsu* and scrap *Settsu*, the United States to keep *Colorado* and *Washington* and scrap *North Dakota* and *Delaware*, and Great Britain to build two ships of greater tonnage and scrap certain old ships.	99
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1921 Dec. 14	*Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Home of the Secretary of State, December 14, 1921, 6:30 p.m.* Deliberation on alternate proposals regarding British capital ships; British proposal to use legend ton as basis for calculating tonnage, thus increasing maximum tonnage from 35,000 tons, American calculation, to 38,000 tons.	115
Dec. 15	*Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Department of State, December 15, 1921, 11:45 a.m.* Balfour's decision to accept plan by which Great Britain would build two capital ships of 35,000 legend tons and scrap four *King George Vths.* Procedure in regard to France and Italy; proposal that they not be asked to scrap any ships, but that auxiliary craft be subject to same ratio as fleets themselves.	122
Dec. 15	*Statement Issued to the Press by the Conference on the Limitation of Armament* Announcement of points of agreement reached between the United States, Great Britain, and Japan with respect to capital ships.	127
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Dec. 16 (685)	*To the Ambassador in Great Britain (tel.)* Instructions to deliver message to Briand as sent to France in telegram no. 552 and to state that Great Britain, Japan, and Italy also agree that 175,000 tons of capital ships is fair allowance for France, and that French demand for construction of 10 new ships may destroy work of conference.	133
Undated	*Memorandum by the Secretary of State of a Conversation with Ambassador Jusserand, of the French Delegation, December 16, 1921* Secretary's assertion that he had informed Ambassador while Briand was still at conference, that he thought 175,000 tons capital ships would be about right for France.	133
Dec. 17 (689)	*From the Ambassador in France (tel.)* Briand's assurance that agreement will be reached regarding capital ships but that Parliament will never consent to great reduction in small ships, especially submarines.	134
Dec. 18	*From the President of the French Council of Ministers* Acquiescence in proposal of conference regarding tonnage of capital ships, but making formal reservation regarding restriction of defensive ships.	135

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1921		
Dec. 18 (984)	*From the Ambassador in Great Britain (tel.)* Briand's acceptance of proposal regarding capital ships; adherence, however, to his declaration concerning light cruisers and submarines for defensive purposes.	136
Undated	*Memorandum of a Conversation at the Department of State, December 19, 1921* Discussion by Hughes, Sarraut, and Jusserand of Briand's acceptance of 175,000-ton limit for capital ships, Hughes holding that acceptance was unconditional and French delegation insisting acceptance was conditional upon retention of tonnage in light defensive ships; British desire to eliminate submarines.	137
Dec. 20 (690)	*To the Ambassador in Great Britain (tel.)* Message for Briand (text printed) expressing gratification at his effort to reduce naval armament and hope that satisfactory settlement will be made. Information for Ambassador regarding extravagant demands of French delegation for auxiliary craft, their instructions from Paris and from Briand being inconsistent.	141
Dec. 21 (990)	*From the Ambassador in Great Britain (tel.)* Conversation with Briand in which he promised to communicate to Department approximate minimum of submarines and light craft adopted by Parliament.	141
Dec. 22 (991)	*From the Ambassador in Great Britain (tel.)* Briand's explanation that he must consult President Millerand and Cabinet, and that he will communicate result to Department.	142
Dec. 23 (999)	*From the Ambassador in Great Britain (tel.)* Oral message from Briand, following Cabinet meeting, which reiterates former tonnage estimate for light craft and submarines, but intimates willingness to discuss modification.	143
Dec. 27	*From Mr. Balfour, of the British Delegation* British objection to possible French proposal for flat rate of 60,000 tons of submarines for five powers; desire for total abolition of submarines or diminution in number.	143
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Jan. 10	*Memorandum by the Secretary to the British Empire Delegation of a Meeting of Heads of Delegations Held at the Pan American Union, January 10, 1922, 3 p.m.* Deliberations by Hughes, Balfour, Sarraut, Kato, and Schanzer on provisions of draft treaty (text printed); adoption of majority of provisions; reservation of several for further discussion; reference to Japanese Government, for approval, of article 19 with accompanying map specifying zone within which *status quo* as regards fortifications and naval bases in Pacific shall be observed.	144

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1922 Jan. 11	*Memorandum by the Secretary to the British Empire Delegation of a Meeting of Heads of Delegations Held at the Pan American Union, January 11, 1922, 11 a.m.* Adoption of several articles under discussion; reservation of articles 10, 13, 19, 22, and 23 for further discussion.	177
Jan. 11	*Memorandum by the Secretary to the British Empire Delegation of a Meeting of Heads of Delegations Held at the Pan American Union, January 11, 1922, 3:30 p.m.* Adoption of article 13 and tables of capital ships to be retained. Discussion of rules for scrapping of ships; desire of several powers to retain old capital ships for harbor use; consideration of conversion by United States of Lexingtons into aircraft carriers.	188
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Jan. 13	*Memorandum by the Secretary to the British Empire Delegation of a Meeting of Heads of Delegations Held at the Pan American Union, January 13, 1922, 3 p.m.* Discussion of articles of revised draft of treaty (text printed); adoption of all articles, except article 19, after agreement on certain additions and amendments.	219
Undated	*Memorandum by the Secretary of State of a Conversation with Baron Kato, of the Japanese Delegation, January 16, 1922* Kato's unofficial communication of his Government's refusal to agree to proposal with regard to fortifications in Pacific, holding that matter has passed beyond that of fortifications to a domestic political question in Japan. Hughes' restatement of intent of treaty, and Kato's request for time in which to bring about an understanding in Japan.	245
Jan. 17	*From the Secretary to the British Empire Delegation* Question whether Kato included the Bonin Islands in his proposal to Balfour, December 1, concerning fortifications in the Pacific.	246
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1922 Feb. 6	*Treaty between the United States of America, the British Empire, France, Italy, and Japan* Relating to use of submarines, for protection of lives of neutrals and noncombatants at sea in time of war, and to prevent use of noxious gases and chemicals.	267

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Dec. 7 (319)	*To the Minister in China (tel.)* Information concerning internal differences within Chinese delegation and uncompromising attitude of certain of its members. Instructions to make clear the danger of such an obstinate policy.	274
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1922 Feb. 6	*Treaty between the United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands, and Portugal* Providing for stabilization of conditions in Far East, safeguarding of rights and interests of China, and promotion of intercourse between China and other powers upon the basis of equality of opportunity.	276
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Message of President Harding to the Senate, February 10, 1922—Report of the American Delegation

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Dec. 14	*To President Harding* Information for the Senate, indicating which powers have ratified treaties, with dates of ratification.	383

Decision by the United States Not To Participate in the Genoa Conference, April 10–May 19, 1922

1921 Dec. 27 (697)	*To the Ambassador in Great Britain (tel.)* The President's desire that Ambassador attend meeting of Supreme Council at Cannes as observer.	384

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DECISION BY THE UNITED STATES NOT TO PARTICIPATE IN THE GENOA CONFERENCE—Continued

Date and number	Subject	Page
1922		
Jan. 6	*From the Unofficial Observer at Cannes (tel.)* Supreme Council resolution (text printed) calling for a conference to be held in March to discuss economic reconstruction in Central and Eastern Europe; desire for U. S. participation in conference, which will be held at Genoa.	384
Jan. 12	*From the Assistant Secretary of State* Summary of remarks of Russian Ambassador deploring fact that Bolshevik Government has been invited to send representatives to Genoa Conference and desiring that U. S. policy and position not be abandoned.	386
Jan. 16	*From the Italian Ambassador* Invitation to U. S. Government to participate in Genoa Conference.	387
Jan. 20	*From the Consul General at London (tel.)* Effort of head of Soviet delegation in London to elicit indication of U. S. willingness to receive sympathetically formal proposals for recognition of Government.	388
Jan. 23	*From the Italian Ambassador* Transmittal of proposed agenda of conference.	388
Jan. 23	*From the Italian Ambassador* Notification, by Russian request, that Pan-Russian Executive Committee has been called to elect Russian delegation, with full powers, to the Genoa Conference.	389
Jan. 30 (19)	*From the Ambassador in Italy (tel.)* Evidence that Italian enthusiasm for Genoa Conference has cooled, as it is clear that economic agenda will be overshadowed by political interests. Profound effect of proposals made in the United States that certain nations conserve and disarm before requesting financial favors.	389
Feb. 3	*From the Italian Ambassador* Request for U. S. opinion regarding sending of 15 Russian delegates to Genoa Conference, some of whom are from countries not recognized and outside of Europe. Proposal to request Russia to reduce number of delegates.	390
Feb. 26	*From the Italian Embassy* Postponement of Genoa Conference; purpose to consult Allied Governments in order that they may choose a new date.	391
Mar. 1 (30)	*From the Ambassador in Italy (tel.)* Russia's reply to Italy's announcement of postponement of conference, which may forecast Russia's attitude at conference.	392
Mar. 8	*To the Italian Ambassador* U. S. decision not to participate in Genoa Conference, on ground that conference appears to be primarily political rather than economic in character.	392
Mar. 13	*From the Italian Ambassador* Announcement of April 10, 1922, as date set for Genoa Conference.	394

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Decision by the United States Not To Participate in the Genoa Conference—Continued

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1922 Mar. 24 (33)	*To the Ambassador in Italy (tel.)* The President's statement that the Ambassador would be the only U. S. observer at Genoa. Instructions.	394
Mar. 27 (44)	*From the Ambassador in Italy (tel.)* Information that Italian Foreign Office officials will be present at Genoa, making it possible for him to continue to function as Ambassador while attending conference. Request for instructions.	394
Mar. 31 (41)	*To the Ambassador in Italy (tel.)* Arrangements as to assistants, expenses, etc.; consideration of sending Logan to Genoa to gather financial and economic information. Instructions to avoid impression of participating in any capacity at conference and to forego all comment.	395
Apr. 5 (151)	*From the Ambassador in France (tel.)* From Boyden: Suggestion for sending Logan on vacation trip to northern Italy, where he might pick up useful information and call on Ambassador Child at Genoa.	396
Apr. 8 (109)	*To the Ambassador in France (tel.)* For Boyden: Authorization for Logan's visit to Italy, as suggested; his instructions.	396

Negotiations on Behalf of the World War Foreign Debt Commission for the Settlement or Refunding of Debts Owed the United States by Foreign Governments

1922 Undated [Rec'd Mar. 18]	*From the British Embassy* Request for information concerning character of conversations to be held on funding of war debts.	396
Apr. 18	*From the Secretary of the World War Foreign Debt Commission* Resolution of commission (text printed) to request Hughes to inform world-war debtors to the United States that commission is ready to receive proposals for settlement of obligations. List of such governments and statement of indebtedness (text printed).	397
Apr. 21	*To the Ambassador in France (tel.)* Instructions to present to Government to which accredited resolution of commission, text of Funding Bill, and statement that commission desires to receive proposals for settlement or refunding; and to inquire whether Government desires to send to Washington financial representatives for direct dealing. (Instructions to repeat, *mutatis mutandis*, to Brussels, Prague, Helsingfors, London, Budapest, Rome, Warsaw, Bucharest, and Belgrade.)	399
Apr. 27 (654)	*From the Belgian Ambassador* His designation to negotiate with commission for settlement of Belgian war debts.	400

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NEGOTIATIONS FOR THE SETTLEMENT OR REFUNDING OF DEBTS OWED THE UNITED STATES BY FOREIGN GOVERNMENTS—Continued

Date and number	Subject	Page
1922 May 25 (P. 189)	*From the Minister of the Kingdom of the Serbs, Croats and Slovenes* His appointment to negotiate with commission for settlement of Yugoslav war debts.	400
June 3	*To the Ambassador in France (tel.)* Instructions to repeat to Prague, Helsingfors, London, Budapest, Rome, Warsaw, and Bucharest, the Department's request for report whether Governments have appointed delegates, and when they may be expected to arrive in Washington; desirability of early negotiations.	401
June 9 (59)	*From the Minister in Poland (tel.)* Appointment of Gliwic, Commercial Counselor of Polish Legation, to represent Poland in negotiations with commission.	401
June 15 (167)	*To the Ambassador in Great Britain (tel.)* Instructions to express informally the hope that the British Government name representatives at an early date so that negotiations may proceed.	402
June 30	*From the French Ambassador* Appointment of Parmentier, Director of General Handling of Funds of Ministry of Finance, to represent France in negotiations with commission.	402
July 1 (40)	*From the Minister in Hungary (tel.)* Appointment of Széchényi, Hungarian Minister at Washington, to represent Hungary in negotiations with commission.	402
July 6 (13)	*From the Minister in Finland (tel.)* Appointment of Finnish Minister at Washington to represent Finland in negotiations with commission.	403
July 8	*From the Czechoslovak Legation* Appointment of Stangler, Counselor of Legation, to represent Czechoslovakia in negotiations with commission.	403
July 15 (294)	*From the Ambassador in Great Britain (tel.)* Statement of Chancellor of Exchequer in House of Commons (text printed) regarding British obligation to the United States and solemn resolve to meet it.	403
July 17 (295)	*From the Ambassador in Great Britain (tel.)* Official notification that British delegation will proceed to the United States early in September to negotiate terms for funding of debt.	404
July 19	*From the French President of the Council and Minister of Foreign Affairs* Personal message calling attention to French burden of reconstruction, caused by Germany's small reparation payments and by French scruples against pressing Allied debtors for payments; hence France's inability to discharge its debt to the United States.	404

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NEGOTIATIONS FOR THE SETTLEMENT OR REFUNDING OF DEBTS OWED THE UNITED STATES BY FOREIGN GOVERNMENTS—Continued

Date and number	Subject	Page
1922		
July 27 (126)	*From the Ambassador in Italy (tel.)* Italy's acceptance of proposal to send delegation to discuss war debts and inquiry as to opportune time for arrival of delegates.	406
Aug. 4 (1550)	*From the Ambassador in Great Britain* Balfour's note, August 1, to the French Ambassador (text printed) requesting the French Government to make arrangements for dealing with Anglo-French loans, the amount of interest and repayment to depend upon what Great Britain has to pay the United States in settlement of war debts; and conveying offer to abandon all further right to German reparations and all claims to repayment by Allies, provided this renunciation formed part of an international settlement. (Footnote: The same note, *mutatis mutandis*, was sent by Balfour to the representatives of Italy, Serbia, Rumania, Portugal, and Greece.)	406
Aug. 4 (338)	*From the Ambassador in Great Britain (tel.)* Debate in House of Commons on international debt situation and on Balfour's note. Statement by Chancellor of Exchequer (excerpts printed) affirming British intention to arrange for funding of war debt to the United States, at same time lamenting fact that each nation cannot consider its subscription to cost of war as a willing contribution to a common success.	410
Aug. 4 (117)	*To the Ambassador in Italy (tel.)* Instructions to state that most opportune time for arrival of Italian delegates at Washington would be middle of October. (Footnote: Statement that Italy did not open debt negotiations with commission until 1925.)	411
Aug. 8 (271)	*To the Commissioner at Riga* Instructions to inform Governments of Estonia, Latvia, and Lithuania of U. S. debt-refunding plan and of invitation to send delegates to Washington, in view of fact that recognition has been extended to these countries.	411
Aug. 23	*To the French President of the Council and Minister of Foreign Affairs* Expression of appreciation of Poincaré's personal note regarding France's financial burdens, and assurance that commission will give it consideration.	412
Aug. 24	*Statement Issued to the Press by the Secretary of the Treasury* Refutation of claims that British indebtedness was not incurred for British Government but for other Allies and that United States had insisted upon British security in making loans to other Allies. Memoranda handed to British Ambassador in 1918 and 1920 (excerpts printed) substantiating fact that borrowing nations each gave own obligations for U. S. money advanced and that no guaranty of one borrowing nation was asked of any other borrowing nation.	413

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NEGOTIATIONS FOR THE SETTLEMENT OR REFUNDING OF DEBTS OWED THE UNITED STATES BY FOREIGN GOVERNMENTS—Continued

Date and number	Subject	Page
1922 Sept. 28 (740)	*From the British Ambassador* Arrangements for British delegation, headed by Horne, Chancellor of Exchequer, to sail for the United States to negotiate with commission.	415
Oct. 20 (4446/2)	*From the Rumanian Chargé* Designation of Antonesco, counselor of Rumanian Supreme Court, and Antoniade, president of commission for consolidation of treasury bonds in Paris, to conduct Rumanian debt negotiations at Washington.	415
Oct. 25	*From the Minister of the Kingdom of the Serbs, Croats and Slovenes* His appointment to negotiate settlement or refunding of obligations of Kingdom, in place of former Minister.	416
Nov. 1 (193)	*From the Commissioner at Riga (tel.)* Information that notes have been presented to the three Governments, as instructed.	416
Dec. 1	*From the Secretary of the World War Foreign Debt Commission* Commission's approval of request for postponement of Latvian negotiations until January 1, 1923.	416
Dec. 19 (947)	*From the British Ambassador* Personnel of British delegation, whose departure has been postponed until December 27.	417

AGREEMENT SIGNED BY THE PRESIDENTS OF NICARAGUA, HONDURAS, AND SALVADOR AUGUST 20, 1922, ON BOARD THE U. S. S. "TACOMA" IN FONSECA BAY

1922 July 25 (39)	*From the Minister in Nicaragua (tel.)* Approval, subject to Department's instructions, of Foreign Minister's proposal of conference on board U. S. S. *Tacoma* between Presidents of Honduras and Nicaragua and U. S. Ministers to each country, to discuss border and inter-revolutionary difficulties.	417
July 31 (27)	*To the Minister in Nicaragua (tel.)* Willingness to place war vessel at disposal of Presidents as neutral meeting ground and to have U. S. Ministers present to offer good offices, if requested. Intention to present plan to Honduras.	418
Aug. 1 (61)	*From the Minister in Honduras (tel.)* Acceptance by Honduran President of proposition for conference and suggestion that it be held in Gulf of Fonseca. Suggestion that President of Salvador be invited to participate.	418
Aug. 3 (40)	*From the Minister in Nicaragua (tel.)* President's agreement to Gulf of Fonseca as meeting place and readiness to go at Department's convenience.	419
Aug. 12 (39)	*To the Minister in Salvador (tel.)* Instructions to invite Salvadoran President to participate in *Tacoma* conference, Minister to be present also.	419

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AGREEMENT SIGNED BY THE PRESIDENTS OF NICARAGUA, HONDURAS, AND SALVADOR AUGUST 20, 1922, ETC.—Continued

Date and number	Subject	Page
1922		
Aug. 14 (78)	*From the Minister in Salvador (tel.)* President's acceptance of invitation, requesting, however, in view of disturbed political situation in Salvador, that conference be postponed, as his departure might be interpreted as flight.	420
Aug. 15 (40)	*To the Minister in Salvador (tel.)* Authorization to make public U. S. invitation to the three Presidents to conference on board *Tacoma* in Fonseca Bay. U. S. purpose to inform the three countries that quiet and order is expected during conference.	420
Aug. 16 (79)	*From the Minister in Salvador (tel.)* Arrangements for publishing U. S. invitation to conference and for departure from city, date of conference having been set for August 19.	421
Aug. 20	*From the Ministers in Honduras, Nicaragua, and Salvador (tel.)* Signature of agreement by the three Presidents, the three Foreign Ministers, and the three U. S. Ministers as witnesses. Invitation to Guatemala and Costa Rica to indicate adherence.	421
Aug. 20	*Agreement between the Presidents of Honduras, Salvador, and Nicaragua* For maintaining amicable fraternal relations of good will and peace among the three countries, as laid down in treaty of 1907, and looking to future agreement in conference to be called in December for political unification of Central America.	422
Aug. 23 (44)	*From the Minister in Costa Rica (tel.)* Hesitation of President to adhere to agreement owing to uncertainty as to its contents and fact that he had not been previously informed.	425
Aug. 25 (33)	*To the Minister in Nicaragua (tel.)* The President's message to President Chamorro (text printed) expressing satisfaction and gratification over conference and agreement arrived at, giving assurance of U. S. continued interest in welfare of Nicaragua. (Sent, *mutatis mutandis*, to Ministers in Honduras and Salvador.)	425
Sept. 10 (50)	*From the Minister in Costa Rica (tel.)* President's refusal (text printed) to subscribe to agreement since he considers terms of the treaty of 1907 as sufficient.	426
Sept. 25 (211)	*From the Chargé in Salvador* Receipt of reply from Guatemala stating *Tacoma* convention will receive fullest consideration.	426
Oct. 4 (84)	*From the Minister in Guatemala (tel.)* Foreign Minister's message to Presidents of Salvador, Honduras, and Nicaragua that Guatemala has not ceased to comply with treaty of 1907 and has not denounced it, but is disposed to carry out provisions of Washington treaties and will support intimation of any other Central American countries to facilitate defense of states and reconstruction of nation.	427

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Conference on Central American Affairs, Convened at Washington December 4, 1922

Date and number	Subject	Page
1922 Oct. 11 (98)	*From the Chargé in Salvador (tel.)* Salvador's desire that Department invite December preliminary conference to meet in Washington and that Guatemala and Costa Rica participate.	427
Oct. 13 (53)	*From the Minister in Nicaragua (tel.)* Impression that invitation from Hughes for December conference to be held in Washington would be gladly accepted.	428
Oct. 18 (80)	*From the Chargé in Honduras (tel.)* Foreign Minister's statement that Government would be pleased to have invitations sent to Central American states to attend December conference.	428
Oct. 21	*To President Harding* Advisability of convoking at Washington a conference of Central American powers on lines similar to one held in 1907.	428
Oct. 21	*From President Harding* Approval of invitation to Central American states to hold conference at Washington.	429
Oct. 21 (17)	*To the Minister in Costa Rica (tel.)* Invitation to Costa Rica (text printed) to send plenipotentiaries to a conference at Washington on Central American affairs. (Sent, *mutatis mutandis*, to representatives in Guatemala, Honduras, Nicaragua, and Salvador.)	430
Nov. 11	*To the Diplomatic Representatives in Costa Rica, Guatemala, Honduras, Nicaragua, and Salvador (tel.)* Instructions to express gratification that all states have accepted invitation, and to inquire whether they desire U. S. participation by duly appointed delegates or simply by good offices.	431
Nov. 17 (71)	*From the Minister in Costa Rica (tel.)* Costa Rica's desire simply for U. S. friendly aid; reasons why U. S. participation by regularly appointed delegates might create wrong impression and thus nullify work of conference.	431
Nov. 17 (23)	*To the Minister in Costa Rica (tel.)* Instructions to inform President that the other states desire U. S. participation through duly appointed delegates.	432
Nov. 20 (72)	*From the Minister in Costa Rica (tel.)* President's acquiescence in U. S. participation in conference by means of regularly appointed delegates.	433
Nov. 22	*To the Diplomatic Representatives in Costa Rica, Guatemala, Honduras, Nicaragua, and Salvador (tel.)* Notification of U. S. representation at conference by Hughes and Sumner Welles.	433

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Boundary Disputes

DOMINICAN REPUBLIC AND HAITI

Date and number	Subject	Page
1922 Sept. 20 (67)	*From the High Commissioner in Haiti* Report on recent boundary violations by both Haitians and Dominicans. Recommendation that Dominican consent be obtained for submitting boundary question to arbitration; also that Dominican customs guard be reestablished to patrol provisional boundary line fixed by the United States in 1912, in view of anticipated withdrawal of U. S. forces from Dominican Republic.	434
Oct. 4 (70)	*From the High Commissioner in Haiti* Reference to Department of question of boundary line directly east of Pedernales River, which has become disputed territory since *status quo* line was defined by the United States in 1912.	436
Oct. 5 (41)	*To the High Commissioner in Haiti* Inadvisability of taking up boundary question during period of transition from Military to Provisional Government in Dominican Republic; decision, however, to inquire views of U. S. Minister and High Commissioner in Dominican Republic on subject, also regarding reestablishment of Dominican customs guard.	437
Oct. 5 (472)	*To the Minister in the Dominican Republic* Transmittal of despatch of High Commissioner in Haiti and request for views of Minister and of High Commissioner with regard to taking up boundary question at this time and reestablishing Dominican customs guard.	437
Oct. 28 (39)	*From the Minister in the Dominican Republic (tel.)* Concurrence of High Commissioner and Minister in view that frontier guard should not be reestablished. Suggestion that provisional boundary line, established in 1912 and accepted by both Governments, be traced on ground.	438
Oct. 30 (48)	*To the High Commissioner in Haiti* Instructions to inform Haitian Government of U. S. expectation that provisional boundary line established in 1912 will be scrupulously respected by both Governments. Expression of hope that establishment of permanent constitutional government in Dominican Republic will make resumption of negotiations possible.	438
Oct. 30 (475)	*To the Minister in the Dominican Republic* Instructions to inform Government that Haitian Government has been notified that the United States expects both Governments to respect provisional boundary line established in 1912.	439
Nov. 8 (51)	*To the High Commissioner in Haiti* Transmittal of telegram no. 39, October 28, from Minister in Dominican Republic and request for views regarding suggestion that provisional boundary line be traced on ground. Opinion that matter should rest until establishment of constitutional government.	440

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Boundary Disputes—Continued

Date and number	Subject	Page
1922 Nov. 18 (90)	*From the High Commissioner in Haiti* Agreement with Department's opinion that matter of tracing provisional boundary line on ground should rest pending establishment of constitutional government. Arrangements between patrols on each side of border by which it is hoped friction will be avoided.	440
Nov. 27 (807)	*From the Minister in the Dominican Republic* Foreign Minister's reply, November 23 (text printed) expressing willingness to maintain provisional boundary line, with reservation of rights; also the desire to be informed of Haiti's attitude in the matter.	441
Dec. 19 (61)	*To the High Commissioner in Haiti* Transmittal of Dominican reply, with instructions to present it and request Haitian engagement to respect provisional boundary line of 1912, without prejudice to any rights which either party may claim, pending permanent settlement of question.	442

HONDURAS AND NICARAGUA

1922 Undated	*Memorandum by the Secretary of State of a Conversation with the Nicaraguan Minister, August 3, 1922* Nicaraguan Minister's request that Honduras be again approached regarding U. S. suggestion that boundary dispute be submitted to Chief Justice of the United States. Secretary's promise to consider matter.	443
Aug. 8	*From the Honduran Minister* Request for suggestions as to friendly solution of boundary dispute with Nicaragua and for information as to status of mediation. Quotation of paragraphs from note of Foreign Minister giving reasons for nonacceptance of U. S. arbitration suggestion.	443
Aug. 15 (28)	*To the Minister in Honduras (tel.)* Instructions to suggest that boundary question be brought up for settlement at conference in Fonseca Bay along lines proposed; namely, that question of award by King of Spain be submitted to Chief Justice of the United States, and, if held invalid, the Chief Justice himself determine the boundary.	445
Aug. 17 (70)	*From the Minister in Honduras (tel.)* The President's assurance that he will bring up boundary question at conference and attempt to arrive at solution.	446
Aug. 22 (158)	*From the Minister in Honduras* Discussion of boundary question by Presidents of Nicaragua and Honduras and insertion of clause into convention. Acceptance by Honduras of arbitration proposal along lines suggested by Department.	446

GENERAL

The Tacna-Arica Question

NEGOTIATIONS AT WASHINGTON LEADING TO SIGNATURE OF THE PROTOCOL OF ARBITRATION AND THE SUPPLEMENTARY ACT, JULY 20, 1922

Date and number	Subject	Page
1922 Jan. 13 (2)	*To the Ambassador in Chile (tel.)* Invitation (text printed) to send representatives to Washington to settle controversy regarding unfulfilled provisions of Treaty of Ancón, or to arrange for settlement by arbitration. Instructions to inquire before presenting invitation whether this action would be agreeable. (Sent, *mutatis mutandis*, to the Chargé in Peru.)	447
Jan. 14 (95)	*From the Chargé in Peru (tel.)* President's willingness to accept U. S. invitation without qualification.	448
Jan. 17 (2)	*From the Ambassador in Chile (tel.)* Chile's willingness to accept invitation.	448
Jan. 18 (4)	*To the Ambassador in Chile (tel.)* Instructions to present invitation in view of favorable attitude of both Chile and Peru. (Sent, *mutatis mutandis*, to the Chargé in Peru.)	449
Jan. 19 (96)	*From the Chargé in Peru (tel.)* Peruvian reply (text printed) accepting invitation on understanding that, if necessary, there shall be arbitration "adjusted by the Government of the United States" to settle differences arising out of Treaty of Ancón.	449
Jan. 19 (6)	*From the Ambassador in Chile (tel.)* Chilean reply (text printed) accepting invitation.	450
Jan. 19 (8)	*From the Ambassador in Chile (tel.)* Foreign Minister's confidential note (text printed) making reservations against nullification of Treaty of Ancón, holding the treaty to be in force in all its parts, and unchangeable.	451
Jan. 20 (5)	*To the Chargé in Peru (tel.)* Request that Peru delete words "adjusted by the Government of the United States" from its note of acceptance, as it would introduce a new and unnecessary complication.	452
[Jan. 21 (?)]	*President Saavedra of Bolivia to President Harding (tel.)* Bolivian petition that, in the hearing given to Tacna-Arica dispute which Peru and Chile wish to submit to President Harding, Bolivia's claim to maritime territory be considered.	453
Jan. 21 (97)	*From the Chargé in Peru (tel.)* President's assurance of unqualified acceptance of invitation and explanation that he had not considered wording of reply as prejudicial to acceptance, as U. S. arbitration was to be inferred from holding of conference at Washington. Explanation that reply to invitation was influenced by publicity given Chile's reply.	455
Jan. 22 (98)	*From the Chargé in Peru (tel.)* Information that President and Foreign Minister see no necessity for deleting phrase from note of acceptance, in view of their interpretation of phrase to mean "guided by the United States." Possible embarrassment to Government because note has already been published.	456

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THE TACNA-ARICA QUESTION—Continued

Date and number	Subject	Page
1922 Jan. 23 (8)	*To the Ambassador in Chile (tel.)* Chilean Ambassador's statement that he intends to suggest that Foreign Minister change phraseology of confidential note quoted in Ambassador's telegram no. 8, January 19. Authorization to accept substitute note covering same points in another manner.	456
Jan. 24 (6)	*To the Chargé in Peru (tel.)* Instructions to reply that phrase "adjusted by the United States" seeks to impose moral obligation upon U. S. Government with respect to arbitration which it does not intend to assume and is, therefore, unacceptable. Information that invitation will be withdrawn if Peru is not prepared to accept without qualification.	457
Jan. 27	*President Harding to President Saavedra of Bolivia (tel.)* Explanation that proposed conference does not contemplate a hearing before any U. S. official, but direct negotiations between representatives of Chile and Peru, thus precluding any initiative on part of the President.	458
Jan. 27 (2)	*From the Chargé in Peru (tel.)* Foreign Minister's willingness to replace note of acceptance by another in exact terms but omitting objectionable phrase.	459
Jan. 27 (8)	*To the Chargé in Peru (tel.)* Information that arrangement stated in Chargé's telegram no. 2, January 27, will be satisfactory.	459
Jan. 28 (3)	*From the Chargé in Peru (tel.)* Receipt of substitute note with desired deletion. Peru's wish that neither note be published.	459
Jan. 30 (12)	*To the Ambassador in Chile (tel.)* Instructions to forward Chilean substitute note and to inform Chile of Peru's acceptance of invitation; suggested arrangements for conference, it being understood that plenipotentiaries are not to be accredited to U. S. Government.	460
Jan. 30 (10)	*To the Chargé in Peru (tel.)* Announcement of acceptance of U. S. invitation by Peru and Chile, without publishing replies from either Government. Instructions to inform Peru of Chile's acceptance; suggested arrangements for conference, it being understood that plenipotentiaries are not to be accredited to U. S. Government.	460
Jan. 31 (75)	*From the Ambassador in Chile* Substitute Chilean confidential note of January 19 (text printed) explaining that acceptance of invitation was based on principle of validity of Treaty of Ancón and the immutability of the consequences of the War of the Pacific.	461
Jan. 31 (18)	*From the Ambassador in Chile (tel.)* Early announcement of Chilean delegates; press comment on the President's reply to Bolivia; investigation by Foreign Minister of Peruvian charge of unjust expulsions from Tacna area.	461

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The Tacna-Arica Question—Continued

Date and number	Subject	Page
1922 Feb. 24 (14)	*From the Chargé in Peru (tel.)* Appointment of plenipotentiaries to conference and suggestion of April 20 to 30 as convenient time for Delegate Porras to attend.	462
Apr. 13 (34)	*To the Chargé in Peru (tel.)* Expected arrival of Chilean delegates following week; no definite information as to arrival of Peruvian delegates. Instructions to state that delay in opening would be fatal to success of conference.	462
Apr. 14 (34)	*From the Chargé in Peru (tel.)* Tentative arrangements whereby Peruvian delegates should arrive in Washington by the end of April.	463
Apr. 19 (36)	*To the Chargé in Peru (tel.)* Creation of unfortunate impression by further delay of Porras, in view of fact that Chilean delegation has already arrived.	463
Apr. 21 (36)	*From the Chargé in Peru (tel.)* Further unavoidable delay in Peru's preparation for conference, instructions and credentials for delegates being due to arrive at New York on May 8; assurance that all will be in readiness not later than May 15.	464
Apr. 24 (37)	*To the Chargé in Peru (tel.)* Instructions to inquire if May 10 could be set for formal opening of conference, since instructions and credentials will arrive the 8th, and in view of long wait of Chilean delegates.	464
May 4	*To the Peruvian Chargé* Acknowledgment of note signifying consent of Peruvian delegation to opening of conference May 12. (Footnote: Change of date of opening to May 15 by agreement between Chilean and Peruvian Ambassadors.)	465
May 20 (43)	*To the Chargé in Peru (tel.)* Instructions to state that conference was called to deal with unfulfilled provisions of Treaty of Ancón and that Peru's alleged intention to raise question of return of Province of Tarapacá would bring about failure of conference and forfeit U. S. support.	465
May 21 (44)	*From the Chargé in Peru (tel.)* President's assurance that delegates have not been instructed to demand return of Tarapacá; his contention, however, that Treaty of Ancón has been violated by Chile and consequently nullified; his understanding that conference is intended to settle existing difficulties, and is not limited to article dealing solely with Tacna-Arica.	466
May 23 (44)	*To the Chargé in Peru (tel.)* Further representations to Peru against contention that treaty has been nullified, since conference is proposed to discuss unfulfilled portions thereof, and in view of Peru's having disclaimed any desire to submit consequences of War of Pacific to arbitration.	467

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THE TACNA-ARICA QUESTION—Continued

Date and number	Subject	Page
1922 May 24 (21)	*From the Minister in Bolivia (tel.)* Foreign Minister's contention that no lasting settlement can be effected unless Bolivia, as participant in War of Pacific, can join in conferences with Peru and Chile and present its claims.	467
May 25 (49)	*From the Chargé in Peru (tel.)* Peru's instructions to its delegates not to hold to nullification theory but to confine their discussions to unfulfilled portions of treaty and to contend that article 3 has been violated and cannot now be fulfilled, which will precipitate arbitration.	468
May 31 (10)	*To the Minister in Bolivia (tel.)* Instructions to state that questions under discussion in conference arise out of Treaty of Ancón and are for consideration of Chile and Peru exclusively as sole signatories.	468
Undated	*Memorandum by the Secretary of State of a Conversation with the Peruvian Ambassador, June 7, 1922* Deadlock in negotiations and decision of delegates to state their cases to the Secretary. Annexed statement by Peruvian delegation (text printed) of its proposals to Chile for arbitration to decide whether plebiscite should be held in Tacna and Arica and under what conditions.	469
June 14 (52)	*From the Chargé in Chile (tel.)* Message from Chilean President to President Harding (text printed) stating that five propositions for agreement were presented to Peruvian delegates in conference but were rejected; request for President Harding's personal attention in matter.	470
Undated	*Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador, June 16, 1922* Annexed Chilean memorandum (text printed) recounting negotiations in conference, Chilean tentative propositions, Peru's proposals, and failure of Governments concerned to come to agreement.	471
Undated	*Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador, June 17, 1922* Consideration of controversy from point of view of each delegation; discussion by Secretary of tentative proposition; his suggestion for arbitration as to holding of plebiscite, or, upon rejection of plebiscite, solution of difficulty by direct negotiations, with the aid of good offices of United States alone or associated with Argentina and Brazil.	473
Undated	*Memorandum by the Secretary of State of a Conversation with the Peruvian Ambassador, June 21, 1922* Deliberation on subjects of controversy and suggestions by Secretary similar to those offered Chilean Ambassador.	476
Undated	*Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador, June 22, 1922* Acceptance by Chile of Secretary's suggestions for settlement of controversy and readiness to proceed accordingly.	480

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THE TACNA-ARICA QUESTION—Continued

Date and number	Subject	Page
1922 Undated	*Memorandum by the Secretary of State of a Conversation with the Peruvian Ambassador and the Peruvian Delegates, June 27, 1922* Wrong impression regarding arbitration proposal conveyed to Peru by Ambassador. Secretary's repetition of suggestion for direct negotiations, in case no plebiscite is held, with U. S. or other friendly offices as opposed to arbitration; denial that Chile's claim to sovereignty over territory was advocated, pending settlement; necessity for concessions by both parties.	481
Undated	*Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador, June 28, 1922* Secretary's suggestions similar to those given Peruvian delegation; objections raised by Ambassador; annexed memorandum by Secretary (text printed) enumerating points suggested for settlement in present conference.	484
Undated	*Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador, June 29, 1922* Secretary's objections to certain points in draft protocol presented by Ambassador, declining to commit U. S. Government to role of arbitrator at this time, and urging clear statements in protocol on arbitration as to plebiscite, manner of holding it, and commitment for direct and prompt negotiations in case no plebiscite is held, in order to allay Peru's fear that Chile, being in possession, will prefer not to reach agreement.	487
Undated	*Draft of Protocol Prepared by the Chilean Delegation* Providing for the settlement of the controversy between Chile and Peru with respect to the unfulfilled provisions of the Treaty of Ancón.	491
July 1 (50)	*To the Chargé in Peru (tel.)* Instructions to inform President Leguía of the purpose of the Secretary in suggesting the compromise plan, in view of press reports that President Leguía is unwilling to accept the compromise; and to convey assurance that the United States has prepared no plan relative to ultimate disposal of Tacna and Arica, that being a matter for agreement under the Secretary's plan.	492
July 3 (62)	*From the Chargé in Peru (tel.)* Peruvian delegates instructed to approve arbitration for disposition of territory in contingency that plebiscite should not be held.	493
July 5 (51)	*To the Chargé in Peru (tel.)* Five points for presentation to President showing advantages of plan for settlement suggested by Secretary.	494
Undated	*Memorandum by the Secretary of State of a Conversation with the Chairman of the Peruvian Delegation, July 6, 1922* Dr. Porras' acceptance of Secretary's original suggestion, with the qualification that in case the arbitrator decided that a plebiscite should not be held, the parties would promptly enter into direct negotiations, and if they could not reach an agreement, they would invite the United States to use its good offices.	495

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The Tacna-Arica Question—Continued

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1922 Undated	*Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador, July 6, 1922* Discussion of Peru's acceptance of Secretary's original suggestion with qualification as to use of U. S. good offices.	497
July 6 (63)	*From the Chargé in Peru (tel.)* President's decision to accept Secretary's suggestion as it is.	499
Undated	*Memorandum by the Secretary of State of a Conversation with the Chairman of the Chilean Delegation, July 10, 1922* Chile's acceptance of Secretary's suggestion, with Peruvian qualification as to good offices. Separate interviews with Chilean and Peruvian delegates, in which Secretary recommends Elihu Root as sole arbitrator or as umpire of board of jurists.	500
July 15	*From the Peruvian Ambassador* Appeal to Secretary for advice on certain points upon which delegates in joint session could not agree.	500
Undated [Rec'd July 19]	*Memorandum by Dr. Leo S. Rowe, Director General of the Pan American Union, of a Conference Held in the Office of the Secretary of State, July 17, 1922* Decision of both delegations to conference to request U. S. President to serve as arbitrator; Secretary's acceptance for the President; Secretary's suggestion, for incorporation in agreement, that, pending settlement, the administrative organization of disputed provinces shall not be disturbed.	501
July 19 (149)	*From the Chilean Ambassador* Chilean interpretation of clause "administrative organization of the provinces shall not be disturbed" as subjecting territory to Chilean laws and authority without change of status; inquiry as to correctness of interpretation.	503
July 19	*To the Chilean Ambassador* Transmittal of Dr. Rowe's memorandum of July 17 as reply to inquiries concerning clause in question.	504
July 20	*Protocol and Supplementary Act Signed at Washington by the Delegates of Peru and Chile* Providing for settlement of controversy with respect to unfulfilled provisions of Treaty of Ancón.	505
Aug. 1 (53)	*To the Chargé in Peru (tel.)* Instructions to ascertain, for benefit of Chile, views of Peruvian Government as to whether ratification of supplementary act is necessary since arbitral protocol provides for ratification and exchange of ratifications.	507
Aug. 3 (67)	*From the Chargé in Peru (tel.)* Peruvian opinion that supplementary act should be ratified and ratifications exchanged in same manner as protocol itself.	507
Aug. 17 (69)	*From the Chargé in Peru (tel.)* Unanimous vote of confidence given Foreign Minister by Government for his conduct of negotiations at Washington; probability of early ratification.	507

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1922		
Sept. 10 (56)	*From the Secretary of State, on Special Mission in Brazil (tel.)* Communication from the Ambassador in Chile (text printed) stating Chilean Minister of Interior requests 60 days' extension for exchange of ratifications, pending arrival home of Delegate Aldunate, in view of near crisis in Cabinet; expressing doubt as to ratification and view that favoring of delay would be sign of weakness.	508
Sept. 12 (70)	*From the Chargé in Peru (tel.)* Ratification of protocol and supplementary act by Peru.	509
Sept. 20 (63)	*From the Ambassador in Chile (tel.)* Indications that demand will be made for amendments and reservations, although President is determined to prevent rejection. Recommendation for assurances which would allay Chilean fear regarding Tarapacá problem, alleged expulsions from disputed territory, and plebiscite qualifications.	509
Sept. 29 (52)	*To the Ambassador in Chile (tel.)* Undesirability of giving any assurances or making any suggestions which would tend to destroy impartiality of arbitration and indicate a prejudgment of questions under consideration. Authorization for statement regarding Tarapacá problem.	511
Oct. 15 (73)	*From the Ambassador in Chile (tel.)* Ambassador's change of view and advocacy of extension of time for ratification.	512
Oct. 16 (56)	*To the Ambassador in Chile (tel.)* Inadvisability of requesting Peru to extend time for ratification; opinion that proposed reservations by Chile would be tantamount to reopening of negotiations. Suggestion that Chile proceed with ratification, after which ratifications may be exchanged despite expiration of the period.	513
Oct. 17 (74)	*From the Ambassador in Chile (tel.)* Debate in Senate over proposed reservations (text printed), resulting in resignation of Cabinet which supported reservations.	514
Nov. [14] (81)	*From the Ambassador in Chile (tel.)* Resolution in Chamber of Deputies (text printed) approving ratification of agreement and exchange of ratifications at Washington, notwithstanding expiration of stipulated time, and rejecting Senate reservations.	516
Nov. 27 (89)	*From the Ambassador in Chile (tel.)* Senate vote sustaining reservations to protocol; return of bill to Chamber of Deputies where it seems assured of requisite majority for ratification without reservations.	516
Nov. 28 (90)	*From the Ambassador in Chile (tel.)* Information that Chamber of Deputies has rejected Senate reservations by two-thirds majority. Official information that protocol will be ratified by Senate without reservations, for want of two-thirds majority to sustain reservations.	517

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The Tacna-Arica Question—Continued

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1922		
Nov. 29 (91)	*From the Ambassador in Chile (tel.)* Ratification of protocol without reservations.	517
Dec. 1 (65)	*To the Chargé in Peru (tel.)* Information that Chile has ratified without reservations protocol and supplementary act, and that only remaining step in conclusion of agreement is acceptance by Peru of exchange of ratifications, notwithstanding lapse of time. Authorization to make informal recommendation to this effect.	517
Dec. 8	*From the Peruvian Ambassador* Peru's consent to extend time for exchange of ratifications of protocol and supplementary act from October 20, 1922, to January 15, 1923.	518

Renunciation by the Western Telegraph Company and the All America Cables, in Favor of American and British Cable Companies, of Exclusive Rights in South America

1922		
Feb. 4 (3)	*To the Chargé in Argentina (tel.)* Draft license handed the Western Union Telegraph Co. on December 8, 1921 (text printed) granting the right to land cable at Miami, conditioned on waiver by that company and All America Cables of their exclusive privileges in South America in favor of American and British companies. Resolution of Western Telegraph Co., January 25, 1922 (text printed) waiving exclusive privileges in Argentina, Brazil, and Uruguay, provided All America Cables surrenders similar rights in Colombia, Ecuador, and Peru. Similar resolution adopted by All America Cables on January 30. Arrangements for presentation of resolutions by local representatives of companies to South American Governments concerned, with request that Governments notify acquiescence in waiver to U. S. diplomatic representatives. (Sent, *mutatis mutandis*, to Brazil. Instructions to repeat to Montevideo.)	518
Feb. 6 (12)	*To the Chargé in Peru (tel.)* Information similar to that conveyed in telegram no. 3, February 4, to Argentina. Resolution by All America Cables, January 30 (text printed) waiving special privileges in Colombia, Ecuador, and Peru, provided Western Telegraph Co. surrenders similar rights in Argentina, Brazil, and Uruguay. (Sent, *mutatis mutandis*, to Colombia and Ecuador.)	521
Feb. 7 (8)	*From the Chargé in Argentina (tel.)* Presentation of Western Telegraph Co.'s resolution to Government by company's representative. Chargé's representations to company's representative for failure to request Government to notify Embassy of its acquiescence in waiver, also for limiting cable facilities to Barbados route.	523
Feb. 7 (8)	*From the Chargé in Uruguay (tel.)* Western Telegraph Co.'s presentation of its resolution to Government; arrangements for reply to be communicated to Chargé.	524

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RENUNCIATION BY THE WESTERN TELEGRAPH COMPANY AND THE ALL AMERICA CABLES OF EXCLUSIVE RIGHTS IN SOUTH AMERICA, ETC.—Continued

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1922 [Feb. 7] (13)	*From the Ambassador in Brazil (tel.)* Presentation of Western Telegraph Co.'s resolution to Government by company's representative.	524
Feb. 9 (4)	*To the Chargé in Argentina (tel.)* Approval of Chargé's representations to Western Telegraph Co.'s representative. Company's assurance that corrections will be made as to both points mentioned.	525
Feb. 14 (9)	*From the Chargé in Argentina (tel.)* Letter of Western Telegraph Co.'s representative to Minister of Interior, modifying former letter so as to exclude mention of Barbados and requesting that U. S. Embassy be informed of Government's acquiescence in waiver of special rights.	525
Mar. 11 (15)	*From the Minister in Colombia (tel.)* Note from Minister of Interior (text printed) embodying acceptance of proposal of All America Cables for renunciation of special privileges in favor of American and British cable companies.	525
Mar. 13 (6)	*To the Ambassador in Argentina (tel.)* Instructions to telegraph for information of Western Union present status of plan for waiver of special privileges. (Instructions to repeat to Montevideo.)	526
Mar. 14 (17)	*From the Ambassador in Argentina (tel.)* Report that no decision has been made and not much interest shown in cable plan by British Legation or by company. Inquiry whether endeavor should be made to hasten matter.	526
Mar. 14 (18)	*From the Chargé in Uruguay (tel.)* Report that no reply has been received from Government relative to cable plan.	526
Mar. 23 (23)	*From the Chargé in Peru (tel.)* Peru's acceptance of and acquiescence in renunciation of special privileges on part of All America Cables (text printed).	527
Mar. 26 (796)	*From the Chargé in Ecuador* Ecuador's reply to All America Cables that no obstacles will be placed in way of laying submarine cables, pending decision by Congress. (Footnote: Approval by Congress of renunciation of monopoly, October 1922.)	527
Apr. 6 (13)	*To the Ambassador in Argentina (tel.)* Instructions to verify report that Argentina requires renunciation of special rights be universal and in favor of all nationalities, and that renunciation be made by petition instead of resolution; and to call attention to U.S. interest in subject. (Sent in part, *mutatis mutandis*, to Chargé in Uruguay.)	528
June 1 (36)	*From the Ambassador in Argentina (tel.)* Argentina's decision regarding waiver of privileges by Western Telegraph Co. (text printed); Chargé's intention to request interpretation of decision, as it seems to have no bearing on articles 8, 13, and 17 of company's contract.	529

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RENUNCIATION BY THE WESTERN TELEGRAPH COMPANY AND THE ALL AMERICA CABLES OF EXCLUSIVE RIGHTS IN SOUTH AMERICA, ETC.—Continued

Date and number	Subject	Page
1922		
June 20 (56)	*From the Chargé in Brazil* (*tel.*) Unofficial information that Brazil accepts resolution of Western Telegraph Co. (Footnote: Issue of Executive decree authorizing renunciation of special privileges, July 25, 1922.)	530
June 21 (24)	*To the Ambassador in Argentina* (*tel.*) Instructions to inquire of Government whether, in view of waiver made by Western Telegraph Co., privileges asserted under contract of June 3, 1909, would stand in way of landing and operating U.S. cables in Argentina on terms of equality with Western Telegraph Co., and in particular whether rights under articles 13 and 17 of contract might be regarded as extinguished.	530
June 23 (801)	*From the Chargé in Uruguay* Dossier prepared by Uruguayan Government concerning correspondence with Western Telegraph Co. (text printed) declaring service of cable communications open to all competitors, prohibiting concession of privileges to companies, and disclaiming any concern in agreement between Western Telegraph Co. and All America Cables.	531
July 1 (40)	*From the Ambassador in Argentina* (*tel.*) Official assurance that Government would favor granting permission to any American cable company to lay cable to Brazil, but that administrative measures to make this binding would require time; that article 13 of contract could be rescinded by Congress and that article 17 would prove no bar to cable-laying by any company.	534
July 7 (27)	*To the Ambassador in Argentina* (*tel.*) Instructions to present another note to Foreign Office (text printed) inquiring whether Government considers that, in view of waiver made by Western Telegraph Co., it is no longer under legal obligations to accord the company any benefits under article 13 of the contract.	534
Aug. 7 (34)	*To the Ambassador in Argentina* (*tel.*) Instructions to make frequent inquiries of Government and to impress on authorities urgency and importance of cable matter.	535
Aug. 11 (52)	*From the Ambassador in Argentina* (*tel.*) Government's decision that contract, in view of Western Telegraph Co.'s renunciation, does not constitute obstacle to granting equal privileges to an American company. Promise of note to that effect.	535
Aug. 13 (92)	*From the Ambassador in Brazil* (*tel.*) Inquiry of manager of Agencia Americana whether Brazil-Barbados-Miami cable line can be open for service on September 7, as arrangements have been made for President Harding and President Pessoa to exchange complimentary telegraphic messages over new line on that day.	536

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RENUNCIATION BY THE WESTERN TELEGRAPH COMPANY AND THE ALL AMERICA CABLES OF EXCLUSIVE RIGHTS IN SOUTH AMERICA, ETC.—Continued

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1922		
Aug. 17 (116)	*To the Ambassador in Brazil (tel.)* Information that Argentina has not yet formally acquiesced in waiver by Western Telegraph Co., and that Department will be happy to arrange for exchange of complimentary messages when Argentina has acquiesced.	536
Aug. 21 (41)	*To the Ambassador in Argentina (tel.)* Instructions to express hope that Foreign Minister will give promised confirmation before Secretary's departure from Washington.	536
Aug. 23 (57)	*From the Ambassador in Argentina (tel.)* Resolution signed by Minister of Interior (text printed) declaring that contract of June 3, 1909, with Western Telegraph Co. is not an obstacle to conceding to American companies right to land cable in Argentina or to sending telegrams by cables of U. S. companies.	537
Aug. 25 (44)	*To the Ambassador in Argentina (tel.)* Signing by the President of license authorizing Western Union Telegraph Co. to land and operate at Miami, Fla., a cable extending to Barbados, where it connects with cable of Western Telegraph Co. going to Brazil. Expression of appreciation of Government's action. (Sent, *mutatis mutandis*, to Brazil, Colombia, Ecuador, Peru, and Uruguay.)	537

FAILURE TO SECURE RATIFICATION OF THE CABLE AGREEMENT BETWEEN THE UNITED STATES, GREAT BRITAIN, AND ITALY, SIGNED AT THE PRELIMINARY COMMUNICATIONS CONFERENCE OF 1920

1921		
Mar. 9 (135)	*To the Chargé in Great Britain (tel.)* Suggested procedure to secure ratification of agreement reached by United States, British, and Italian delegates to Preliminary Communications Conference providing for reciprocal facilities for landing of cables for relay purposes. (Instructions to repeat, *mutatis mutandis*, to Rome.)	538
May 7 (119)	*From the Ambassador in Italy (tel.)* Desire of Foreign Office to be informed as to what cables United States and England wish to have established in contact with Italian coast and what would be character of relay stations.	539
May 14 (91)	*To the Ambassador in Italy (tel.)* Instructions to call attention to agreement of December 10, 1920 (text printed) providing for reciprocal facilities for landing cables for relay purposes, the agreement being drawn up without reference to any specific plans for cable extension, which would be dealt with by special agreement covering each individual cable.	539

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FAILURE TO SECURE RATIFICATION OF THE CABLE AGREEMENT BETWEEN THE UNITED STATES, GREAT BRITAIN, AND ITALY, ETC.—Continued

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1921 June 6 (151)	*From the Chargé in Italy (tel.)* Foreign Office reply (text printed) deferring adherence to agreement, pending definite settlement of question of division of ex-German cables; Government's disposition, however, to come to understanding regarding special projects for landing cables within Kingdom and erection of stations for manual and automatic retransmission of cablegrams.	541
1922 May 18 (1315)	*From the Ambassador in Great Britain* Foreign Office reply, May 16 (text printed) declining to ratify agreement; but giving assurance, however, that requests for landing cables on British territory will be considered on their merits, and that all facilities will be continued for international communication.	542

REFUSAL BY THE UNITED STATES TO RATIFY THE CONVENTION FOR THE CONTROL OF THE TRADE IN ARMS AND AMMUNITION, SIGNED SEPTEMBER 10, 1919

1921 Mar. 8	*From the Secretary General of the League of Nations* Resolution adopted by Assembly December 14, 1920, in agreement with Council of League (text printed) urging speedy ratification of convention for control of trade in arms and ammunition, signed at St. Germain, September 10, 1919, by certain countries. Inquiry whether the United States as signatory is prepared to ratify.	543
Mar. 29 (1267)	*To the Chargé in Great Britain* Information that it is not deemed practicable to reply to League's request to furnish Secretary General with information regarding U. S. export of arms and ammunition in accordance with principles laid down by the Covenant and Arms Traffic Convention.	544
Nov. 21	*From the Secretary General of the League of Nations* Resolution adopted by Assembly October 1, 1921, urging importance of ratification of convention at earliest possible moment by all signatory nations, extending invitation to nonsignatory nations also. Further inquiry as to U. S. intention as regards ratification.	544
1922 Jan. 4	*From Mr. Balfour, of the British Delegation at the Conference on the Limitation of Armament* Stipulation that ratification is conditional upon acceptance by all Principal Allied and Associated Powers; desire for U. S. ratification and willingness to accept reservation in respect to provisions involving jurisdiction of League. Draft resolution providing for U. S. reservation (text printed).	545
Feb. 4	*The Economic Adviser to the British Delegation at the Conference on the Limitation of Armament to the Assistant to the American Delegation* Request that the Secretary of State be consulted regarding three alternative measures of procedure proposed with view to overcoming U.S. objections to Arms Traffic Convention.	546

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REFUSAL BY THE UNITED STATES TO RATIFY THE CONVENTION FOR THE CONTROL OF THE TRADE IN ARMS AND AMMUNITION, ETC.—Continued

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1922 Mar. 31 (WPD 599)	*From the Secretary of War* Opinion that U.S. ratification of Arms Traffic Convention would have no military advantages and would be disadvantageous from viewpoint of U.S. munitions industry.	547
Apr. 4 (27280–33:3)	*From the Secretary of the Navy* Opinion that U.S. ratification of Arms Traffic Convention would be undesirable; enumeration of objectionable features, both from standpoint of diplomacy and of expediency.	548
July 28	*To the Consul at Geneva* Reply to Secretary General of League (text printed) expressing sympathy with efforts to restrict traffic in arms and ammunitions of war; but declaring U.S. inability, however, to approve provisions of convention or to ratify, adding that U.S. legislation has already been enacted for restriction of sale at discretion of the President.	550
[Aug. 2]	*To President Harding* Discussion of provisions of Arms Traffic Convention, noting its objectionable features, and expressing opinion that U.S. ratification should be withheld.	551
Aug. 2	*From President Harding* Futility of seeking consent to ratification of convention at hands of Senate and approval of Secretary's reply to Secretary General of League.	554
Aug. 5	*To the British Chargé* Decision not to ratify convention; principal objections to its provisions.	554
Sept. 3 (74)	*From the Chargé in Switzerland (tel.)* League's receipt of U.S. decision, considering it as constituting a *fait nouveau* and making it necessary to reconsider the whole question.	555
Sept. 29 (83)	*From the Minister in Switzerland (tel.)* Resolutions adopted by Assembly of League September 27, 1922 (text printed) on desirability of U.S. expression of objections to provisions of convention and any proposals that can be made for overcoming these objections.	556

STATEMENT DEFINING THE INTEREST OF THE DEPARTMENT OF STATE IN THE FLOTATION OF FOREIGN LOANS IN THE AMERICAN MARKET

1922 Feb. 1	*From the Foreign Trade Adviser* Recommendation that Department issue a public statement concerning public flotation of issues of foreign bonds in United States, in view of mounting European indebtedness in United States and President's belief that bankers should be requested not to make loans to any power for military expenditures.	556

GENERAL

Statement Defining the Interest of the Department of State in the Flotation of Foreign Loans in the American Market—Continued

Date and number	Subject	Page
1922 Mar. 3	*Press Release Issued by the Department of State* Department's attitude toward public flotation of issues of foreign bonds in United States; desire that bankers observe their assurances to keep Department informed of loan negotiations; method by which bankers may learn Department's attitude regarding any projected loan.	557

Efforts to Combat the Smuggling of Intoxicating Liquors Into the United States in Violation of the Prohibition Laws

1920 Jan. 17	*To the Secretary of the Treasury* Request of French and Italian Embassies that U. S. practice of placing wine on board foreign vessels in port under seal may be modified so that members of crews may receive daily rations to which they are entitled under contract.	558
Jan. 27	*From the Secretary of the Treasury* Advice that Treasury decision will be published at early date amending practice of collectors of customs so that wine under seal on foreign vessels may be released to meet requirements of officers and crews.	559
1922 June 26	*To the British Ambassador* Suggestions for United States-British cooperation for the prevention of liquor smuggling by careful supervision of registry and the issuance of clearance papers and by entering into a treaty authorizing the right of search beyond the 3-mile limit.	560
June 27	*To the British Embassy* Request for Canadian legislation prohibiting shipments of liquor to United States unless permit has been obtained from U. S. Federal or State authorities.	563
July 7	*From the Federal Prohibition Commissioner* Letter of July 4 from the chairman of the Ontario Board of License Commissioners (text printed) concerning failure to secure legislation from Canadian Government before Parliament closed because of late arrival of U. S. request.	563
July 28	*From Senator Thomas Sterling* Proposed legislation to extend U. S. jurisdiction over maritime waters beyond 3-mile limit. Opinion, supported by quotations from authorities on international law, that jurisdiction can be extended by law without consent of any other nation.	564
Aug. 16	*To Senator Thomas Sterling* Opinion, supported by quotations from authorities on international law, that extension of jurisdiction beyond 3-mile limit would be contravention of established rule of international law and that there could be no departure from rule without general agreement among nations of world.	567

GENERAL

EFFORTS TO COMBAT THE SMUGGLING OF INTOXICATING LIQUORS INTO THE UNITED STATES IN VIOLATION OF THE PROHIBITION LAWS—Continued

Date and number	Subject	Page
1922 Sept. 28	*From the Attorney General* Denial that seizures outside 3-mile limit for violation of prohibition laws have been authorized; offer to furnish Department with memoranda of each case of a vessel seized under "hovering" statutes.	575
Sept. 29	*From the British Ambassador* Inquiry as to retroactive application of Cabinet ruling with respect to seizures of vessels outside 3-mile limit in cases where vessels have been in illegal communication with shore through small boats.	576
Oct. 7	*To the Attorney General* Acknowledgment of memorandum regarding 14 vessels under detention, 7 having been seized within 3-mile limit. Opinion that 6 of the 7 seized outside the 3-mile limit should be released since they apparently were not in illegal contact with shore.	576
Oct. 7	*From the Secretary of the Treasury* Instructions of October 6 and 7 from President Harding (texts printed) concerning enforcement of the Attorney General's ruling on service and transportation of liquors on U. S. ships and transportation of liquors on all ships within U. S. waters.	577
Oct. 13 (781)	*From the British Ambassador* Information concerning the issuance of instructions regarding clearances of vessels and registry. Inability to acquiesce in proposed treaty.	578
Oct. 14	*To Diplomatic and Consular Officers (tel.)* Instructions to communicate to all owners or operators of vessels touching at U. S. ports, U. S. notice (text printed) that after October 7 all sales of liquor on U. S. vessels anywhere and on foreign boats within U. S. territorial waters will be unlawful.	580
Oct. 17	*From the Secretary of the Mexican Embassy* Protest against effective date of U. S. instructions regarding illegality of service and transportation of liquor within U. S. territorial waters, alleging term too short.	581
Oct. 20	*From the Spanish Ambassador* Probable disruption of services on Spanish lines running to United States because of U. S. measures to control service and transportation of liquor.	582
Oct. 23	*From the British Embassy* Necessity for British ships to comply with British law requiring them to carry on board, as part of medical stores, specified quantities of wines and spirits.	582
Oct. 28	*To the British Ambassador* Appreciation of British cooperation concerning issuances of clearance papers and transfers of registry. Offer to furnish information respecting cases of fraudulent transfer of registry and the issuance of two sets of clearance papers.	583

ALBANIA

Recognition Accorded to Albania by the United States—Continued

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1922		
May 26 (226)	*From the Ambassador in Great Britain (tel.)* Summary of resolution of Council of League (text printed) regarding request of Albania for economic assistance.	601
June 28	*From the Commissioner in Albania (tel.)* Favorable attitude of Government toward U. S. enterprise, offering formal assurances of most-favored-nation treatment; decree providing for acceptance of passports of U. S. citizens of Albanian origin and release of those serving in Albanian Army. Recommendation for recognition of Albania and establishment of U. S. Legation.	602
July 25 (3)	*To the Commissioner in Albania (tel.)* Instructions to extend to Albania, on July 28, *de jure* recognition by United States; and to continue as Commissioner, pending legislative action to establish regular diplomatic representation.	604

Negotiations by American Oil Companies for Concessions in Albania

1922		
Sept. 14	*From the Commissioner in Albania (tel.)* Active negotiations by Sinclair Exploration Co. for oil concessions in Albania, one condition of award being loan to Government. Presence at Tirana of representative of Standard Oil and of foreign groups. Government's preference for American companies.	604
Sept. 19	*From the Sinclair Exploration Company* Handicap to company's negotiations caused by opposition of various foreign interests, particularly by the Shell and Anglo-Persian companies. Request that U. S. representative be instructed to give fullest support possible.	605
Sept. 22 (8)	*To the Commissioner in Albania (tel.)* Instructions to render all appropriate assistance to U. S. oil companies and, in case of competition between them, to be strictly impartial; also to request Sinclair Co. to keep Department advised as to loan as well as concession.	606
Sept. 28 (10)	*To the Commissioner in Albania (tel.)* Reports that Sinclair Co. is being handicapped by Shell and Anglo-Persian companies. Instructions to telegraph exact status of negotiations of foreign oil interests.	606
Oct. 1	*From the Commissioner in Albania (tel.)* Report that Sinclair is only company accepting Albania's condition of loan in return for concession.	606
Oct. 29	*From the Commissioner in Albania (tel.)* Soper to Sinclair: Enumeration of terms of petroleum contract settled upon; deadlock as to loan, Albania demanding $2,000,000 within six months.	607

ALBANIA

NEGOTIATIONS BY AMERICAN OIL COMPANIES FOR CONCESSIONS IN ALBANIA—Continued

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1922 Dec. 21 (6)	*From the Minister in Albania* Inability of Sinclair Co. to secure loan for Albania, and efforts to have grant of any concession postponed until spring meeting of National Assembly; competition with other groups, question being which can offer most generous terms; entrance of personal element into contest in form of Jaquet and Godart of France.	607
Dec. 22 (7)	*From the Minister in Albania* Prime Minister's assurance that no concession will be submitted to Assembly until spring session, thereby giving Sinclair Co. time to take advantage of any turn in U. S. financial market favorable to investments in Eastern Europe, or to arrange loan among themselves.	609

ARGENTINA

PRESENTATION OF LETTER OF CREDENCE TO PRESIDENT IRIGOYEN BY THE AMERICAN SPECIAL REPRESENTATIVE AT THE INAUGURATION OF PRESIDENT-ELECT ALVEAR

1922 Sept. 26 (49)	*To the Ambassador in Argentina (tel.)* President Harding's letter to President-elect Alvear of Argentina (text printed) presenting Ambassador Riddle as U. S. special representative at inaugural ceremonies. Statement that signed letter will follow.	610
Sept. 29 (61)	*From the Ambassador in Argentina (tel.)* Foreign Office request that letter of credence be addressed to President Irigoyen.	610
Sept. 30 (51)	*To the Ambassador in Argentina (tel.)* Mention of precedents in upholding U. S. position that letter should be addressed to President-elect.	611
Oct. 1 (63)	*From the Ambassador in Argentina (tel.)* Government's desire that letters of credence be addressed to President Irigoyen, since special ambassadors are to be received by him several days prior to inauguration.	611
Oct. 5 (53)	*To the Ambassador in Argentina (tel.)* Substitute for letter of credence previously cabled to President-elect, addressed this time to President Irigoyen (text printed). Statement that signed letter will follow in next pouch and that message of felicitation will be sent new President.	611

AUSTRIA

Measures Taken to Suspend Financial Claims Against Austria by the United States and Other Creditor Nations

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1922		
Feb. 10 (441)	*To the Chargé in Austria* Information concerning the attitude of interested European powers toward proposed plan of League of Nations for economic rehabilitation of Austria. Endeavor of certain nations to place blame for failure of plan on the United States. Instructions.	613
Feb. 23	*From the Austrian Chargé* Request to defer lien on Austria's assets contracted with United States Grain Corporation for relief purposes, in view of urgent need and of proposed deferment of claims by various other nations for period of at least twenty years, in order to enable Austria to use its assets as collateral for loan for rehabilitation.	615
Apr. 13	*To the Austrian Chargé* Public Resolution No. 46, approved April 6 (text printed) authorizing extension of time for payment of Austrian debt to United States Grain Corporation, and releasing Austrian assets pledged for payment of loan, as the Secretary of the Treasury deems necessary, provided other creditor nations take similar action.	617
May 2 (949)	*From the Austrian Chargé* Austrian gratitude and appreciation of U. S. action.	618
June 16 (187)	*To the Ambassador in France (tel.)* Press report that Council of Ambassadors has sent pleas to interested Governments urging suspension of claims against Austria. Instructions to make known U. S. willingness to suspend claims, as soon as assured of like action by other nations.	619
Aug. 7 (311)	*From the Chargé in France (tel.)* From Logan: Reparation Commission's approval of Austrian law of July 24 creating bank of issue and release for period of 20 years of Austrian pledged assets guaranteeing bank. Urgency for action by Allied and neutral Governments. Request for instructions.	619
Aug. 23 (36)	*To the Minister in Austria (tel.)* U. S. willingness to suspend priorities, within limits of Public Resolution No. 46, to extent necessary for realization of new Austrian bank of issue.	620
Oct. 12 (64)	*From the Minister in Austria* Austrian request for U. S. release of pledged assets, in order that they may be utilized as security for proposed external loan contemplated by Geneva agreement of October 4, 1922.	621
Dec. 23 (45)	*To the Minister in Austria (tel.)* Instructions to confirm U. S. willingness to suspend priorities, within limits of Public Resolution No. 46, to the extent necessary for realization of proposed external loan.	621

AUSTRIA

REVIVAL OF THE EXTRADITION CONVENTION OF JULY 3, 1856, BETWEEN THE UNITED STATES AND THE FORMER AUSTRO-HUNGARIAN MONARCHY

Date and number	Subject	Page
1922 May 4 (27)	*To the Chargé in Austria (tel.)* Note for Foreign Office (text printed) announcing U. S. desire to revive extradition convention of 1856. Instructions to deliver note on date which note bears, in order to fix date upon which convention is revived.	621
May 12 (32)	*From the Chargé in Austria (tel.)* Report that note was dated, delivered, and acknowledged May 6.	622

BELGIUM

NEGOTIATIONS TO ENSURE BY TREATY THE RIGHTS OF THE UNITED STATES IN TERRITORIES UNDER BELGIAN MANDATE

1921 Sept. 7 (39)	*To the Ambassador in Belgium (tel.)* Instructions to present Department's memorandum on A and B mandates, text of which Ambassador in France has been instructed to repeat to Embassy.	623
1922 Feb. 15 (1442)	*From the Chargé in Belgium* Belgian note, February 11 (text printed) offering guaranty to U. S. citizens of same rights and privileges in mandated territories in East Africa as are enjoyed by League members, and also offering to consult U. S. Government before modifying mandates. Draft mandate for Ruanda and Urundi (text printed).	623
Apr. 6 (20)	*To the Ambassador in Belgium (tel.)* Note for Foreign Office (text printed) containing U. S. suggestions for mandate and treaty provisions covering discrimination, concessions, missionaries and religious freedom, administrative unions, modification of mandate, extradition, and duplicate of annual report.	630
July 6	*From the Belgian Chargé* Transmittal of amended draft mandate for Ruanda and Urundi (excerpts printed) agreed to by French and British and intended to meet U. S. suggestions; also draft of proposed convention between Belgium and the United States. Request that plenipotentiary be designated to sign at Brussels if acceptable to the United States.	633
July 12	*To the Belgian Legation* Reply to note of July 6 with observations and further suggestions similar to memoranda sent, *mutatis mutandis*, to France, July 8.	637
Sept. 9	*From the Belgian Chargé* Belgian concurrence in all U. S. suggestions; transmittal of French text of draft with English text of that part of mandate which must be included in treaty, with explanations as to translations. Inquiry concerning U. S. delay in presenting memorandum of July 12 to Foreign Office, as intimated.	637

BELGIUM

NEGOTIATIONS TO ENSURE BY TREATY THE RIGHTS OF THE UNITED STATES IN TERRITORIES UNDER BELGIAN MANDATE—Continued

Date and number	Subject	Page
1922 Oct. 14	*From the Belgian Chargé* Apologies for attributing to the United States delay in delivery of U. S. memorandum of July 12, which was caused by mistake in Belgian Foreign Office.	638

BOLIVIA

CONTRACT FOR A LOAN TO BOLIVIA BY AMERICAN BANKERS, MAY 31, 1922

1922 Mar. 27	*From Messrs. Curtis, Mallet-Prevost & Colt* Contemplation by Stifel-Nicolaus Investment Co., Spencer Trask & Co., and Equitable Trust Co. of New York of purchase of $19,000,000 of Bolivian bonds of total issue of $33,000,000. Copy of proposal and financing plan submitted for Department approval or for statement of views.	640
Apr. 11	*To Messrs. Curtis, Mallet-Prevost & Colt* No objection seen to proposed transaction; attention called to ruling that contract must not imply that it is contingent upon an expression of Department's attitude.	640
Apr. 29 (4)	*To the Minister in Bolivia (tel.)* Opposition to U. S. loan shown by British banking group, aided by British Minister. Instructions to discuss informally with British Minister U. S. bankers' preferential right to purchase under agreement.	641
May 2 (15)	*From the Minister in Bolivia (tel.)* Offer of loan of £4,000,000 to Bolivia by London firm; administration's endeavor to place a loan in New York, bill to this effect being opposed by Liberals in Chamber of Deputies.	642
May 9	*From Messrs. Curtis, Mallet-Prevost & Colt* Letter from bankers to Bolivian Financial Adviser, May 6 (text printed) containing modification of financial plan and conditions as to contract; other correspondence on subject; acceptance of proposition by Bolivian representatives, subject to ratification by Government.	643
May 16 (7)	*To the Minister in Bolivia (tel.)* Report that proposition of U. S. bankers has been accepted by Bolivian representatives. Instructions to keep Department informed.	645
May 16 (18)	*From the Minister in Bolivia (tel.)* Passage by Chamber of Deputies of bill authorizing immediate loan of $19,000,000 and additional amount for railway, etc., making total loan of $33,000,000. Expectation of little opposition in Senate.	646
May 31	*Contract between the Republic of Bolivia and the American Bankers* Agreement for sale of bonds by Bolivia to Stifel-Nicolaus Investment Co., Spencer Trask & Co., and Equitable Trust Co. of New York.	646

BRAZIL

Agreement Providing for a Naval Mission From the United States to Brazil

Date and number	Subject	Page
1922		
Mar. 4 (21)	*From the Ambassador in Brazil (tel.)* President Pessôa's desire to have Capt. C. T. Vogelgesang head a U. S. naval mission to Brazil. Ambassador's recommendation that he be authorized to state that a request to that effect will be granted.	651
Apr. 17 (43)	*To the Chargé in Brazil (tel.)* Authorization to state that U. S. Government would be glad to designate officers of ability for naval mission to Brazil.	651
May 12 (57)	*To the Chargé in Brazil (tel.)* Instructions to state that Vogelgesang will be available as head of naval mission to Brazil if so desired.	652
July 24 (76)	*From the Chargé in Brazil (tel.)* Note from Minister of Marine (text printed) expressing desire for U. S. naval mission to Brazil headed by Vogelgesang. Immediate presence of Vogelgesang suggested by Chargé.	652
July 29	*From the Brazilian Ambassador* *Aide-mémoire* of Brazilian Embassy (text printed) requesting naval mission to Brazil.	653
Aug. 5 (100)	*To the Ambassador in Brazil (tel.)* Information concerning receipt of Brazilian invitation; nomination of Vogelgesang as head of mission; his proposed departure for Brazil accompanying Secretary of State as special aide during mission of friendship.	654
Nov. 9 (760)	*To the Ambassador in Brazil* Instructions to convey Navy Department's explanation as to difficulties which might arise by complying with Brazilian request for Vogelgesang to use title and insignia of Vice Admiral.	654
Dec. 20 (75)	*From the Ambassador in Argentina (tel.)* Exceptions taken by Government officials to U.S. naval mission to Brazil, declaring it to be in nature of an alliance, thus defeating aim of pan-American solidarity.	655
Dec. 21 (60)	*To the Ambassador in Argentina (tel.)* Instructions to explain nature of naval mission to Brazil and give assurances that it has no political significance; citation of precedent.	655

Visit of the Secretary of State and the Special Mission of Friendship to Rio de Janeiro During the Centenary Celebration of Brazilian Independence

1921		
Apr. 8 (1781)	*From the Ambassador in Brazil* Invitation to the United States to be represented at exposition to be held at Rio de Janeiro, commemorating first centennial of independence of Brazil. Reservation of space for foreign exhibits.	656

BRAZIL

VISIT OF THE SECRETARY OF STATE AND THE SPECIAL MISSION OF FRIENDSHIP TO RIO DE JANEIRO, ETC.—Continued

Date and number	Subject	Page
1921 Nov. 2 (46)	*To the Ambassador in Brazil (tel.)* Instructions to reply that Congress has passed joint resolution accepting invitation to take part in international exposition at Rio de Janeiro.	657
1922 Feb. 13	*From the Brazilian Ambassador* Invitation to U. S. Government to attend Centennial Celebration of Independence of Brazil in September.	657
Feb. 18 (15)	*To the Ambassador in Brazil (tel.)* Inquiry whether centennial celebration is distinct from exposition and request for recommendation as to action to be taken.	658
Feb. 20 (16)	*From the Ambassador in Brazil (tel.)* Explanation that Brazil desires U. S. representation at ceremonies on September 7, commemorating centenary of Brazil's political independence, on which day exposition will be opened. Recommendation for U. S. representation.	658
Mar. 7	*To the Brazilian Ambassador* Acknowledgment of invitation and information that it is receiving attention of both Executive and Legislative branches of Government. (Footnote: Joint resolution authorizing the President to appoint special mission of friendship, good will, and congratulation, approved June 15, 1922.)	658
July 31 (97)	*To the Ambassador in Brazil (tel.)* Information regarding dates for arrival in Brazil and departure of U. S. special mission which will be headed by Secretary of State.	659
Aug. 9 (104)	*To the Ambassador in Brazil (tel.)* Information as to personnel, etc., of U. S. mission to Brazil, and the Secretary's official return of visit of Emperor Dom Pedro to the United States in 1876. Instructions to inform Government.	659
Aug. 11 (87)	*From the Ambassador in Brazil (tel.)* Foreign Office statement that Secretary of State, as dean of special ambassadors to centennial celebration, will be requested to speak in name of colleagues at certain dinners given by President and Government.	660
Aug. 12 (89)	*From the Ambassador in Brazil (tel.)* Inquiry whether Mexican and Greek Special Ambassadors and resident diplomats should be invited to entertainments given by Secretary of State.	661
Aug. 14 (109)	*To the Ambassador in Brazil (tel.)* Instructions to invite Mexican and Greek representatives to the Secretary's entertainments as Brazil's guests, this action in no way implying recognition.	661
Sept. 7 (49)	*From the Secretary of State at Rio de Janeiro (tel.)* Information that certain members of mission will remain in Brazil, while Secretary and rest of mission sail on the 12th. Assumption that Government will not incur expense by reason of cancelation of reservations. Instructions to inform Secretary of Navy.	662

BULGARIA

Rejection by Bulgaria of a Draft Treaty Proposed by the United States

Date and number	Subject	Page
1921 Dec. 9 (1)	*To the Minister in Bulgaria* Instructions to present draft treaty of amity and commerce (text printed), embodying portions of unratified Treaty of Neuilly.	663
1922 Feb. 13 (30)	*From the Minister in Bulgaria* Prime Minister's objections to draft treaty; his suggestion that clause be inserted providing for U. S. support in carrying out article 48 and section IV of the Treaty of Neuilly regarding outlet to Aegean Sea for Bulgaria and protection of minorities.	665
Feb. 23 (8)	*From the Minister in Bulgaria (tel.)* Rejection by Bulgaria of proposed treaty; willingness, however, to negotiate separate commercial agreement on most-favored-nation basis, and conventions regarding naturalization, extradition, etc. Request for instructions.	667
May 27 (7)	*To the Minister in Bulgaria (tel.)* Instructions to take up draft treaty again and to point out that U. S. settled practice of noninterference with territorial or political questions affecting Europe makes it impossible for the United States to entertain suggestion regarding article 48 and section IV of the Treaty of Neuilly, but that the United States would be glad to consider other modifications of draft treaty.	668
June 16 (17)	*From the Minister in Bulgaria (tel.)* Prime Minister's refusal to accept any treaty based on Treaty of Neuilly, favoring separate commercial, naturalization, and consular conventions.	668

CANADA

Renewed Canadian Proposals for the Regulation of Fisheries

1922 Mar. 16 (193)	*From the British Ambassador* Suggestion that Sockeye Salmon Fisheries Treaty be resubmitted to U. S. Senate, in view of failure of agreement in conference between Fisheries Board of State of Washington and representatives of Canadian Marine and Fisheries Department as to measures to be taken, both Governments agreeing as to necessity for protection of salmon and halibut in Pacific.	669
Mar. 28	*To the British Ambassador* Proposal of treaty by which the two Governments would undertake to prevent landing of salmon taken beyond 3-mile limit of coasts of the United States, Canada, and Alaska, because of waste resulting from immaturity of fish, methods of capture, etc., investigation showing that they do not start for inland waters until mature.	670
Apr. 29 (327)	*From the British Ambassador* Canada's opinion that more important treaties for protection of Fraser River salmon fisheries and Pacific halibut fisheries, etc., as yet unsigned or unratified by United States, should be completed before consideration of suggested treaty for protection of salmon in extraterritorial waters.	672

CANADA

Renewed Canadian Proposals for the Regulation of Fisheries—Contd.

Date and number	Subject	Page
1922 May 19 (337)	*From the British Ambassador* Discontinuance of war-time privileges granted U. S. fishing vessels in Canadian ports; availability, however, of *modus vivendi* licenses for eastern ports; urgency of reopening negotiations for settlement of fisheries question in West, in view of rapid depletion of supply.	672
Aug. 29 (667)	*From the British Ambassador* Canada's regret that the United States has failed to ratify fisheries treaty, in which a closed season was postponed for halibut fishing. Urgent request that treaty be effected dealing with Pacific halibut fishery alone as separate issue.	673
Dec. 14	*To the British Ambassador* U. S. draft of convention for protection of Pacific halibut fishery, which would eliminate opportunity for evasions during closed season, and provide for disposal of halibut taken incidentally while fishing for other species; other modifications of article 7 of former draft treaty.	675

Proposal by the United States to Proceed to the Negotiation of an Agreement for a Joint Project to Improve the St. Lawrence River

1922 May 17	*To the British Ambassador* Favorable attitude toward negotiating treaty with Great Britain and Canada with respect to improvement of St. Lawrence River between Lake Ontario and Montreal for navigation and development of water power, as result of report and recommendations of International Joint Commission on subject.	677
June 3 (431)	*From the British Ambassador* Inexpediency of dealing with St. Lawrence River improvement scheme at present time, in view of magnitude of project and large outlay of money involved.	679

CHINA

Civil War in Northern China and the Restoration of Li Yuan-hung to the Presidency

1922 Jan. 9 (11)	*From the Minister in China (tel.)* Wu Pei-fu's charge that Premier Liang Shih-yi is subservient to Japan in favoring Japanese loan for redemption of Shantung Railway; his appeal to North and South to unite in driving out enemy and restoring railway to Chinese control.	681
Jan. 15 (15)	*From the Minister in China (tel.)* Premier Liang's denial of favoring Japanese loan and Sino-Japanese management of Shantung Railway. Public opposition to Liang; Wu's demand that he resign. Talk of separate Yangtze government at Nanking. Recommendation that conference at Washington urge unity of country under constitutional government.	681

CHINA

Civil War in Northern China and the Restoration of Li Yuan-hung to the Presidency—Continued

Date and number	Subject	Page
1922		
Jan. 22 (20)	*From the Minister in China (tel.)* Telegram, dated January 19, from Wu and colleagues to President Hsü (text printed) demanding dismissal of Liang, with threat to resign if demand not complied with.	684
Feb. 4 (38)	*From the Minister in China (tel.)* Summary of Foreign Office circular telegram regarding present status of Shantung negotiations in Washington. Offer by certain tuchuns to contribute toward redemption of railway. Reaction in favor of Liang, who is absent nominally on extended sick leave; his plan for reunification of nation and ousting of President Hsü.	685
Feb. 8 (40)	*From the Minister in China (tel.)* Various conferences to decide measures to be taken in Cabinet crisis. Opinion that fundamental issues are reunion of provinces and financial rehabilitation.	686
Feb. 28 (71)	*From the Minister in China (tel.)* Political deadlock and governmental financial embarrassment; alliances in North and South; President Hsü's appeal, under pressure from Chang Tso-lin, for unity in carrying out decisions of Washington Conference.	687
Mar. 3 (77)	*From the Minister in China (tel.)* Liang's refusal to resign. Sun Yat-sen's threatening attitude toward Peking; Wu's preparedness to withstand attack; refusal of provinces to furnish Government with military aid against Sun.	688
Mar. 8 (87)	*From the Minister in China (tel.)* Preoccupation of Cabinet in personal schemes and cessation of any functioning by Government.	688
Mar. 15 (104)	*From the Minister in China (tel.)* Further report of strife and plots among Government officials. President's published circular telegram pointing out expiration of his term and necessity for election of new parliament to elect successor.	689
Mar. 25 (119)	*From the Minister in China (tel.)* Concentration of Chang's troops on Tientsin-Mukden Railway and in environs of Peking, reinforced by Manchurian garrison.	689
Apr. 2 (127)	*From the Minister in China (tel.)* From Canton: Reported scheme planned at Mukden for ousting President Hsü and Wu Pei-fu, reorganizing Government on federal lines with new parliament, and naming Sun as President and Liang as Premier.	690
Apr. 3 (128)	*From the Minister in China (tel.)* From Harbin: Movement of Fengtien troops from railway zone to Changchun.	690
Apr. 6 (135)	*From the Minister in China (tel.)* Wu's absorption in training his division of 10,000 men, not for aggression but for defense against Chang or Sun.	690

CHINA

Civil War in Northern China and the Restoration of Li Yuan-hung to the Presidency—Continued

Date and number	Subject	Page
1922		
Apr. 13 (149)	*From the Minister in China (tel.)* Efforts of Chow Tzu-ch'i, Acting Premier, to prevent fighting, which becomes more imminent as Chang's troops proceed to occupy other railway stations farther south. Warning to Chang by diplomatic body.	691
Apr. 24 (164)	*From the Minister in China (tel.)* President Hsü's appeal for peace; statement by diplomatic body that occupation of railway by Chinese armed force is violation of protocol, its expression of hope that armed troops will not enter Peking, and decision individually to request presence of naval vessels. Minister's recommendation accordingly. Report from Canton of Sun's abandoning expedition and Chen's resignation.	692
Apr. 25 (167)	*From the Minister in China (tel.)* Japanese statement of policy of noninterference.	693
Apr. 25 (170)	*From the Minister in China (tel.)* Little indication of antiforeign sentiment in China.	693
Apr. 26 (98)	*To the Minister in China (tel.)* Arrangements to land reinforcements to U. S. Legation Guard; instructions to be guided by Department's telegram no. 180, July 16, 1920, regarding efforts of diplomatic corps to prevent military operations about Peking. Inquiry as to significance of resignation of Chen.	693
Apr. 26 (172)	*From the Minister in China (tel.)* Expected arrival of forces on the *Huron* and *Albany*, which will bring strength of Legation Guard up to 525.	694
Apr. 28 (176)	*From the Minister in China (tel.)* Notice by diplomatic body that Chinese Government will be held responsible in case of damage to persons or property of their nationals, expressing hope that measures will be taken to avoid entry of armed troops into Peking or use of bombarding airplanes. Presence of 800 Americans in vicinity of Peking outside Legation.	694
Apr. 29 (177)	*From the Minister in China (tel.)* Recommendation of Minister and other U. S. officials that regiment at Tientsin be brought up to authorized strength.	695
Apr. 29 (179)	*From the Minister in China (tel.)* Reiteration of former warning to China by diplomatic corps against damage to foreign interests.	695
Apr. 29 (180)	*From the Minister in China (tel.)* Fighting on railway near Peking, Chang claiming victory. Instructions to Americans to retire to Peking, and suggestions to Admiral Strauss to send gunboat to Tientsin.	695
Apr. 29 (105)	*To the Minister in China (tel.)* Reluctance to increase contingent in China unless absolutely demanded by conditions; instructions to state reasons for request.	696

CHINA

CIVIL WAR IN NORTHERN CHINA AND THE RESTORATION OF LI YUAN-HUNG TO THE PRESIDENCY—Continued

Date and number	Subject	Page
1922 Apr. 29 (182)	*From the Minister in China (tel.)* Diplomatic body's instructions to foreign commandants in Tientsin to adhere to resolutions of January 26, 1912, regarding military occupation of railway from Peking to Shanhaikwan.	696
May 1 (187)	*From the Minister in China (tel.)* Request for authorization to reinforce Tientsin garrison with marines instead of soldiers as first suggested, in order to protect Americans and keep railway open from Peking to sea. Defeat of Chang's troops by Wu.	697
May 2 (108)	*To the Minister in China (tel.)* No objection to substituting marines for soldiers, if approved by naval officers. Instructions to report developments.	697
May 4 (193)	*From the Minister in China (tel.)* Defeat of Fengtien forces on Peking-Hankow Railway by Chihli troops.	698
May 4 (195)	*From the Minister in China (tel.)* Occupation by Wu of district of Fengtai on Peking-Tientsin Railway, Chang leaving many dead and wounded.	698
May 4 (197)	*From the Minister in China (tel.)* Orders for landing of 150 marines with machine guns at Tientsin, also for the *Huron* and *Wilmington* to proceed to Taku.	698
May 6 (202)	*From the Minister in China (tel.)* Arrival of marines at Tientsin, May 5.	699
May 7 (207)	*From the Minister in China (tel.)* Complete defeat of forces of Chang, due to Wu's encircling movement at Changhsintien, aided by Christian General Feng's troops.	699
May 10 (212)	*From the Minister in China (tel.)* Mandate depriving Chang of all offices; another mandate abolishing office of Inspector General of Manchuria.	700
May 11 (213)	*From the Minister in China (tel.)* Stand taken by Chang, Sun, and others causing tense situation. Inadvisability of withdrawing marines at present, or of intervening in conflict between Wu and Chang, as advocated by Colonel Martin and consuls.	700
May 13 (121)	*To the Minister in China (tel.)* Approval of course in avoiding intervention in struggle between two factions.	702
May 13 (217)	*From the Minister in China (tel.)* Placing of additional guard on railway and protest to Fengtien commanders against entrenching on American sector; impossibility of guarding 2-mile zone with present force. Possibility of declaration of independence of Manchuria with Japanese aid to Chang; Chang's declaration regarding Three Eastern Provinces (text printed).	702

CHINA

Civil War in Northern China and the Restoration of Li Yuan-hung to the Presidency—Continued

Date and number	Subject	Page
1922 May 15 (218)	*From the Minister in China (tel.)* Danger of looting by disarmed troops, making it necessary for gates of Peking to remain closed; withdrawal of marines from Tientsin by Admiral Strauss, without approval of Minister.	704
May 18 (126)	*To the Minister in China (tel.)* Information that protocol powers' only right in 2-mile railway zone is that of jurisdiction over crimes affecting railway or telegraph or persons and property of soldiers. Approval of Minister's adherence to strict neutrality.	705
May 20 (225)	*From the Minister in China (tel.)* Chaotic situation in Canton owing to differences in policy of Sun and Chen; characteristics of each; willingness of Sun to negotiate with Wu.	706
May 24 (231)	*From the Minister in China (tel.)* Identic telegrams of U. S., British, French, and Japanese Ministers to their Governments (text printed) recommending that they be authorized to urge China to reduce military forces and to offer China financial assistance.	707
May 25 (232)	*From the Minister in China (tel.)* Departure of Legation Guard reinforcements. Threatening attitude of Chang in North and Chen in South.	708
May 26 (227)	*From the Ambassador in Japan* Statement by Foreign Minister, May 16 (text printed) reaffirming Japan's neutral policy in Manchuria, having no reason to change attitude because of recent announcement regarding independence.	708
May 26	*From the Consul at Harbin (tel.)* Report of mutiny among Chinese soldiers along Chinese Eastern Railway; request for instructions in regard to asking Japanese military authorities to protect U. S. nationals and property in case of emergency.	709
May 27	*From the Consul at Harbin (tel.)* Spread of revolt of Chinese soldiers against Chang throughout railway zone.	709
May 27 (50)	*To the Ambassador in Japan (tel.)* Japanese Chargé's assertion that no support has been or will be given by Japan to warring factions in China, thus denying unconfirmed rumors as to Japan's assisting Chang. (Instructions to repeat to Peking.)	710
May 30	*From the Consul at Harbin (tel.)* Apparent gaining of control by Wu's adherents in North Manchuria; Chinese insistence that Japanese are aiding mutineers.	710
May 31 (90)	*From the Ambassador in Japan (tel.)* Foreign Office statement that Japanese troops will speedily be withdrawn from Hankow, action being based on policy of respecting integrity and sovereignty of China and in keeping with resolutions of Washington Conference.	710

CHINA

CIVIL WAR IN NORTHERN CHINA AND THE RESTORATION OF LI YUAN-HUNG TO THE PRESIDENCY—Continued

Date and number	Subject	Page
1922 May 31	*To the Consul at Harbin (tel.)* Instructions that requests for aid for protection of American interests should be made only to Chinese authorities, and that offer of protection from foreign troops should be accepted only in greatest extremity. (Instructions to repeat to Peking.)	710
May 31	*From the Consul at Harbin (tel.)* Assurances from Wu that order will be maintained in Harbin and railway zone, troops being sent against mutineers.	711
June 2 (243)	*From the Minister in China (tel.)* Resignation of President Hsü.	711
June 3 (244)	*From the Minister in China (tel.)* General public approval of Li Yuan-hung's return to Presidency and of reconvocation of old Parliament; Sun's successes in South; continuance of military preparations in North by both factions.	711
June 3 (245)	*From the Minister in China (tel.)* Correspondence between Minister and consul at Mukden (texts printed) in which is conveyed Chang's request for mediation in factional fight with Chihli, and Minister's refusal, in accord with U. S. policy of nonintervention.	713
June 5 (246)	*From the Minister in China (tel.)* Li Yuan-hung's announcement that he will resume Presidency if Wu and Tsao Kun will consent to disbandment of troops and abolition everywhere of post of Military Governor.	714
June 6 (141)	*To the Minister in China (tel.)* Approval of Minister's action regarding nonintervention.	714
June 7 (250)	*From the Minister in China (tel.)* Decision of Japan that time is inopportune for carrying out suggestion in identic telegram sent by the American, British, French, and Japanese Ministers to their respective Governments, because fighting between factions in China has not ceased. Airing of subject in Japanese newspapers.	714
June 11 (256)	*From the Minister in China (tel.)* Arrival in Peking of Li Yuan-hung.	715
June 11 (257)	*From the Minister in China (tel.)* Interview given press (text printed) denying reports in Japanese papers that Ministers of Great Britain, Japan, France, and United States had recommended to their Governments the giving of support to Wu in order to assist him to organize a stable government in China.	715
June 12 (259)	*From the Minister in China (tel.)* Li Yuan-hung's assumption of duties of President, temporarily; and W. W. Yen, those of Acting Premier.	715
June 13 (260)	*From the Minister in China (tel.)* Inauguration of President and appointment of acting members of Cabinet. Opinion that question of recognition does not arise since change is not in form but in administration of Government.	716

CHINA

Civil War in Northern China and the Restoration of Li Yuan-hung to the Presidency—Continued

Date and number	Subject	Page
1922 June 15 (147)	*To the Minister in China (tel.)* Instructions to avoid, if possible, raising question of recognition.	717
June 15 (262)	*From the Minister in China (tel.)* Official notification, June 14 (text printed) of Hsü's resignation and assumption of office of President by Li Yuan-hung. Comment by Ministers, universal sentiment favoring recognition. Suggested procedure of merely acknowledging notice and attending Li's reception. Sun's demands.	717
June 16 (148)	*To the Minister in China (tel.)* Approval of procedure merely to acknowledge receipt of notice and to attend Li's reception.	718
June 17 (267)	*From the Minister in China (tel.)* Armistice between Wu and Chang; seizure of Canton by Chen and escape of Sun; indication of understanding between Wu and Chen. Dinner given by Minister in honor of delegates to Washington Conference, Koo and Wang expressing gratitude to Americans for sympathy and cooperation.	718
June 17 (150)	*To the Minister in China (tel.)* Opinion of American group that there is slight prospect of loan to China until a stable government is established which would give confidence to investors.	719
June 20 (273)	*From the Minister in China (tel.)* Unanimous acceptance by diplomatic body of U. S. form of reply to notification of new President's accession. Agreement reached between Wu and Chang.	720
June 21 (276)	*From the Minister in China (tel.)* Retirement of Chang's troops outside wall accomplished by June 20th.	720
June 23 (153)	*To the Minister in China (tel.)* Public address of Japanese Chargé delivered at Baltimore in which he referred to Japanese withdrawal of troops from Hankow and stated that his Government hopes all foreign troops will be withdrawn when order is restored. Inquiry of matter has been taken up in Peking. (Instructions to repeat to Tokyo for information.)	720
June 28 (286)	*From the Minister in China (tel.)* Report that Japanese Minister mentioned withdrawal of foreign troops to British and French Ministers, who considered that small guard should be retained. Schurman's opinion that foreign troops are unnecessary since they undermine Chinese sense of responsibility for protection of foreigners.	721
June 29 (763)	*From the Minister in China* Legation circular of June 26 (text printed) communicating to consular officers in China the Department's instructions as to attitude to be observed during internal disturbances in China.	722

CHINA

Overthrow of Sun Yat-sen's Government at Canton

Date and number	Subject	Page
1922 June 16	*From the Vice Consul in Charge at Canton* (*tel.*) Seizure of Canton by Chen's troops; declaration against constitutional government and in favor of old Parliament. Sun's escape to Whampoa on gunboat.	723
June 19 (271)	*From the Minister in China* (*tel.*) Bombardment of bund by Sun; U. S. buildings hit; consul's protest to Sun. Message to Admiral suggesting protection of U. S. property.	723
June 22	*From the Vice Consul in Charge at Canton* (*tel.*) Election of Chen as Provisional Governor of Kwangtung, with support of Navy, who will request Sun to retire; hope of Sun to fight his way back to Canton. Death of Wu Ling-fang.	723
June 25 (285)	*From the Minister in China* (*tel.*) Suggestion from Canton that consular good offices be offered to bring about Sun's retirement; Minister's opinion that undertaking should be left to Chinese Government if Chen cannot accomplish it.	724
June 26 (156)	*To the Minister in China* (*tel.*) Disapproval of consul's participation in any plan of mediation.	725
Aug. 9	*From the Consul in Charge at Canton* (*tel.*) Defeat of Sun's forces in north Kwangtung; his departure for Hongkong and Shanghai.	725

Efforts by the United States and Other Powers to Prevent More Effectively the Exportation of Arms to China

1922 Jan. 30 (192)	*From the Ambassador in Italy* Italian *note verbale*, January 24 (text printed) explaining that arms shipments recently released to China were subject to contracts made prior to April 1919, concerning which contracts Italy had formulated reservations to agreement of 1919, and that Chihli government had given assurances material would not be used in internal wars.	725
Mar. 4 (1621)	*Proclamation* Declaring unlawful the exportation of arms or munitions of war to China.	726
Mar. 4 (23)	*To the Ambassador in Italy* (*tel.*) Instructions to request Government to abandon reservations to arms declaration of May 5, 1919.	727
Apr. 13 (56)	*From the Ambassador in Italy* (*tel.*) Italy's assurance that no sales of Italian arms or ammunition shall take place in China.	728
Apr. 15 (50)	*To the Ambassador in Italy* (*tel.*) Inquiry whether Italian statement means that deliveries will not be made under contracts made either before or after declaration of May 5, 1919.	728

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EFFORTS BY THE UNITED STATES AND OTHER POWERS TO PREVENT MORE EFFECTIVELY THE EXPORTATION OF ARMS TO CHINA—Continued

Date and number	Subject	Page
1922		
Apr. 18 (60)	*From the Ambassador in Italy (tel.)* Affirmation by Foreign Office that no more deliveries will be made under contracts made either before or after declaration of May 5, 1919.	728
May 19	*To the Secretary of the Treasury* Opinion that no shipments of airplanes or their equipment should be allowed to leave U. S. ports for China, except upon permits issued by Department of State.	728
June 2 (157)	*To the Ambassador in Great Britain (tel.)* Expression of gratification at British acceptance of U. S. proposal regarding naval construction in China. Information concerning Italy's abandonment of reservation concerning declaration of May 5, 1919. U. S. desire for approval of amended resolution on Chinese arms embargo (text printed) submitted to Washington Conference but withdrawn because of Italian and Japanese reservations.	729
June 3 (80)	*To the Ambassador in Italy (tel.)* Proposal, in view of withdrawal of reservations by Italy and Japan, that amended resolution on arms embargo to China be circularized among powers participating in conference for reaffirmation as substitute for declaration of May 5, 1919.	730
June 16 (464)	*From the British Ambassador* Importance of reaffirmation of embargo of 1919 and widening terms to include materials for manufacture of arms and munitions of war; suggestion that subject be referred to diplomatic representatives in Peking for discussion and recommendations.	731
June 24	*To the Secretary of the Treasury* Information that permits are necessary for shipments of arms or munitions of war to Kwangtung but not to British Crown colony of Hongkong, to Korea, or to French Indo-China.	732
June 26 (102)	*From the Ambassador in Italy (tel.)* No objections on part of Italy to circularizing the powers, as proposed in Department's telegram no. 80, June 3.	733
June 29 (160)	*To the Minister in China (tel.)* Instructions to inform colleagues that U. S. representatives at London, Paris, Tokyo, Rome, Brussels, The Hague, and Lisbon have been instructed to request formal approval of amended resolution on Chinese arms embargo.	733
June 29 (188)	*To the Ambassador in Great Britain (tel.)* Instructions to request of Government to which accredited formal approval of amended resolution, Italy having signified approval. (Instructions to repeat to Paris, Brussels, The Hague, and Lisbon. Similar telegram sent to Ambassador in Japan.)	734
June 29 (94)	*To the Ambassador in Italy (tel.)* Instructions to request formal adoption of amended resolution.	734

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EFFORTS BY THE UNITED STATES AND OTHER POWERS TO PREVENT MORE EFFECTIVELY THE EXPORTATION OF ARMS TO CHINA—Continued

Date and number	Subject	Page
1922		
July 12 (110)	*From the Ambassador in Italy (tel.)* Italy's reply stating that, as Government has forbidden sale of Italian arms and munitions in China until the establishment of a single government, it could easily extend declaration to apply to the importation of such articles into China.	734
July 14 (98)	*To the Ambassador in Italy (tel.)* Inquiry whether Italian note gives formal approval to amended resolution.	735
July 17 (120)	*From the Ambassador in Japan (tel.)* Japanese formal approval of amended resolution to be given on condition that other governments participating in conference give similar approval. Japanese special desire that adherence of Germany be invited.	735
July 20 (303)	*From the Ambassador in Great Britain (tel.)* Foreign Office note (text printed) affirming British adherence to embargo throughout Empire, and stating that proposal for extending embargo has been made to all powers participating in agreement of 1919, except Russia; also to Germany and Austria. Desirability of awaiting outcome of discussions in Peking before formally adopting amended resolution.	736
July 24 (121)	*From the Ambassador in Italy (tel.)* Inability of Foreign Office to reply owing to ministerial crisis.	737
July 24 (183)	*To the Minister in China (tel.)* Transmittal of excerpts from correspondence with London on negotiations regarding arms embargo, for guidance and discussion with colleagues, particularly British Minister.	737
July 24 (72)	*From the Chargé in the Netherlands (tel.)* Desire of the Netherlands to know, before giving formal approval to amended resolution, whether Italy has adhered without reservations.	738
July 28 (53)	*From the Ambassador in Belgium (tel.)* Belgian reply that adherence to amended resolution would be to the injury of important Belgian industry and to advantage of another nation, signatory to agreement, which is shipping arms to China; promise of cooperation if United States is successful in getting all nations to abide by agreement.	739
Aug. 15 (122)	*To the Ambassador in Italy (tel.)* Inquiry whether Government can now give definite reply to embargo proposal.	739
Aug. 18 (2246)	*From the Chargé in France* French reply suggesting desirability of awaiting result of deliberations of diplomatic corps at Peking before formally confirming amended resolutions.	739
Sept. 15	*From the British Embassy* Information that suggestion to transfer negotiations to Peking has been accepted by most of treaty powers and Germany. Request that U. S. Government accept suggestion and instruct its Minister in China accordingly.	740

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Efforts by the United States and Other Powers to Prevent More Effectively the Exportation of Arms to China—Continued

Date and number	Subject	Page
1922 Sept. 22	*To the British Embassy* Information that U. S. Minister in China has been instructed to discuss with interested colleagues British proposal of extension of embargo, bearing in mind limited terms of U. S. statute specifying "arms and munitions of war." Delayed action by diplomatic body.	741
Sept. 22 (169)	*From the Ambassador in Italy (tel.)* Italy's opinion that formal adherence to embargo resolution is no longer necessary, in view of proposed conference of diplomatic representatives at Peking and Italy's declaration to suspend deliveries of Italian arms in China.	742
Oct. 4 (405)	*From the Minister in China (tel.)* Identic telegram to be sent by diplomatic body to governments (text printed) approving Washington formula, with interpolation including in embargo "aircraft, other than commercial aircraft, and machinery and materials destined exclusively for manufacture of arms and munitions."	742
Oct. 5 (408)	*From the Minister in China (tel.)* Netherland Minister's inability to join in identic telegram, as Netherland laws give Government no power to prevent export of "materials exclusively destined for the manufacture of arms and munitions."	743
Oct. 12 (239)	*To the Minister in China (tel.)* Inquiry as to who initiated proposal that exception be made in case of commercial aircraft; request for definite statement as to number of planes imported by China.	743
Oct. 24 (426)	*From the Minister in China (tel.)* Report on number of planes imported by China; statement that French Minister insisted that commercial aircraft be excepted from embargo.	744
Oct. 28 (431)	*From the Minister in China (tel.)* Norwegian Minister's inability to join in identic telegram since his Government has not adhered to embargo resolution. Renewal of discussion by diplomatic body in near future.	744
Nov. 6 (257)	*To the Minister in China (tel.)* U. S. willingness, in order to reach a common understanding, to agree to exclusion of commercial aircraft from the embargo.	744

American Proposal for a Mutual Undertaking Among the Powers to Refrain From Assisting China in Naval Construction

1922 Mar. 14	*From the Assistant Secretary of the Navy* Despatch from naval attaché at Peking, March 14 (text printed) regarding China's consideration of giving task of naval reorganization and building program to another government and its nationals, in view of apathetic attitude of the United States and of Bethlehem Steel Corp.	745

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AMERICAN PROPOSAL FOR A MUTUAL UNDERTAKING AMONG THE POWERS TO REFRAIN FROM ASSISTING CHINA IN NAVAL CONSTRUCTION—Continued

Date and number	Subject	Page
1922 Mar. 16	*Memorandum by the Assistant Chief of the Division of Far Eastern Affairs, Department of State* History of contract of 1911 between China and Bethlehem Steel Corp. for construction of certain naval vessels and providing for sending of U. S. naval officers to China as instructors. Statement made to China in 1921 that sending of naval advisers would be held in abeyance pending forthcoming Conference on Limitation of Armament.	745
Apr. 28 (103)	*To the Minister in China* (*tel.*) Instructions to make representations regarding China's desire to proceed with large naval building program at this time; also regarding any steps to vitiate Bethlehem Steel Corp. contract.	747
May 4	*To the Japanese Embassy* Request for views as to propriety of proceeding with Bethlehem contract: U. S. willingness to forego any steps toward naval development in China, provided assurance is given by British, French, Italian, and Japanese Governments likewise to refrain from such undertaking. (Sent, *mutatis mutandis*, to British, French, and Italian Embassies.)	747
May 4 (37)	*To the Ambassador in Japan* (*tel.*) Transmittal of Department's *aide-mémoire* of May 4 to Japanese Embassy with instructions to present to Foreign Office and request expression of views. (Instructions to repeat to Peking for information. Sent, *mutatis mutandis*, to London, Paris, and Rome.)	748
May 6 (204)	*From the Minister in China* (*tel.*) Chinese memorandum stating purposes for which reorganization of Navy is intended, disclaiming any designs for offensive warfare and desiring to know immediately whether U. S. Government and Bethlehem Steel Corp. are ready to fulfill contract.	749
May 9 (117)	*To the Minister in China* (*tel.*) Instructions to explain U. S. move in consulting parties to arms embargo agreement of 1919, at same time reserving all rights accruing under Bethlehem contract with expectation to proceed with matter in preference to any other nationality.	750
May 12	*From the Italian Embassy* Italy's views as to propriety of postponing naval development or technical assistance requested by China until such time as normal conditions and unified government are restored.	750
May 24 (220)	*From the Ambassador in Great Britain* (*tel.*) British note (text printed) on undesirability of naval construction in China or foreign technical assistance to Navy until restoration of unified government; assurance that British Government will not countenance such action on part of its nationals, provided similar undertaking is assured by France, Italy, Japan, and United States.	751

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AMERICAN PROPOSAL FOR A MUTUAL UNDERTAKING AMONG THE POWERS TO REFRAIN FROM ASSISTING CHINA IN NAVAL CONSTRUCTION—Continued

Date and number	Subject	Page
1922 May 31	*From the Japanese Embassy* Japan's views that foreign assistance in construction or improvement in China's naval armaments might have effect of promoting internal strife; willingness to subscribe to understanding, provided similar assurances are given by other interested powers.	751
June 22 (279)	*From the Minister in China (tel.)* Chinese note stating that, since contract cannot now be carried out, previous discussions should be canceled and matter ended.	753
June 29 (161)	*To the Minister in China (tel.)* Inquiry as to meaning of Chinese note, whether intended that discussions or contract should be ended.	753
July 5 (277)	*From the Ambassador in France (tel.)* Official notification that France is prepared to subscribe to agreement relative to Bethlehem Steel contract with China.	753
July 11 (302)	*From the Minister in China (tel.)* China's meaning that entire project should be canceled and case terminated.	754
July 25	*To the Japanese Embassy* U. S. assurance that, pending restoration of unified government in China, no steps will be taken by corporation or Government to avail themselves of rights established by Bethlehem contract, similar assurances having been received from British, French, and Italian Governments. (Similar *aides-mémoire* sent to British, French, and Italian Embassies.)	754
Sept. 2 (100)	*To the Ambassador in Japan (tel.)* Instructions to give assurance that U. S. policy regarding Bethlehem contract will be followed in all similar cases as well and that this purpose is understood by other interested powers.	755
Oct. 4 (752)	*From the British Ambassador* Views that undertaking to refrain from extending naval assistance to China should be formally confirmed by other parties to forthcoming discussions at Peking who are also additional signatories to embargo agreement of 1919, with exception of Russia, and also by Germany and Austria.	756
Oct. 17 (118)	*To the Ambassador in Japan (tel.)* Advisability of adherence of powers participating in arms embargo of 1919, excepting Russia, and also of Germany and Austria, in withholding of naval assistance to China. Instructions to request Japan's concurrence. (Instructions to repeat to Peking. Similar telegram to Ambassador in France, with instructions to repeat to Ambassador in Italy.)	757
Oct. 18	*To the British Ambassador* Concurrence in views expressed in Ambassador's note of October 4; assent of France, Italy, and Japan being asked with view to requesting formal adherence of the other Governments specified.	757

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American Proposal for a Mutual Undertaking Among the Powers to Refrain From Assisting China in Naval Construction—Continued

Date and number	Subject	Page
1922		
Nov. 2 (828)	*From the British Ambassador* Proposal that diplomatic corps in Peking be asked to discuss understanding with regard to withholding of naval assistance to China and to draw up exact formula for submission to their governments.	758
Nov. 3 (446)	*From the Ambassador in France (tel.)* French concurrence in plan to request adherence of powers participating in arms embargo of 1919.	758
Nov. 11 (262)	*To the Minister in China (tel.)* Proposed formula to supplement Arms Embargo Agreement of 1919 and U. S. reservation of eventual rights under Bethlehem contract (texts printed) to be presented to diplomatic corps for transmittal to their governments, when advised that French, Italian, and Japanese Governments have acquiesced. (Instructions to repeat to Tokyo for information.)	759
Nov. 13 (195)	*From the Ambassador in Japan (tel.)* No objections on part of Japan to proposal of October 17.	760
Nov. 16	*To the British Ambassador* Transmittal of draft formula for adoption by diplomatic body, together with U. S. reservation of eventual rights as to Bethlehem contract.	760
Nov. 18 (231)	*From the Chargé in Italy (tel.)* Evasive reply of Foreign Office to request for assurance of adherence to U. S. proposal.	761
Nov. 22 (270)	*To the Minister in China (tel.)* Instructions to present formula to diplomatic body for consideration. (Instructions to repeat to Tokyo for information.)	761

Inconclusive Negotiations for a Consortium Loan to the Chinese Government

1922		
Jan. 3 (4)	*From the Minister in China (tel.)* China's proposal to representatives of new consortium of issue in China of silver bonds for $96,000,000 secured for present on salt revenues, later on customs surtax. Recommendations for approval.	761
Jan. 18	*To the American Group* Acknowledgment of correspondence on proposed loan to China and appreciation of position taken that American group cannot lend its aid to new financing while defaults continue, particularly for loans without proper supervision and for administrative rather than constructive purposes.	762
Jan. 21 (19)	*From the Minister in China (tel.)* Consent of group of Chinese banks to buy Chinese treasury bonds to amount of $14,000,000, portion of which to be applied to Government's obligations; security, salt surplus; President's stipulation of no further foreign or Chinese loans on this security.	762

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Inconclusive Negotiations for a Consortium Loan to the Chinese Government—Continued

Date and number	Subject	Page
1922 Feb. 10 (45)	*From the Minister in China (tel.)* Agreement between Government and Chinese and Japanese bankers for refunding salt surplus debts, 60,000,000 silver dollars of new bonds to be held by Chinese and 30,000,000 by Japanese; automatic transfer of securities to customs increase, placing debt to the United States of over 100,000,000 gold dollars at disadvantage. Inquiry whether conference authorized preferential security.	763
Apr. 7	*From Mr. Thomas W. Lamont* Transmittal, for approval, of draft letter to members of American group quoting informally the Secretary's expression of opinion.	764
Apr. 13	*To Mr. Thomas W. Lamont* Approval of sending draft letter including informal comments; suggestion of further stressing fact that new consortium is U. S. conception in nature of public service, designed to substitute international cooperation for competition in China, and U. S. opportunity for development of that country to interest of American group as well.	764
Apr. 24	*From the American Group* Letter from managing committee to the members of American group, April 24 (text printed) incorporating the Secretary's suggestions and appealing for patience to continue intact and await outcome of situation in China, recalling objects of consortium, not only for maintaining open-door policy in Far East, but for upholding U. S. prestige.	765
May 10 (360)	*From the British Ambassador* Request for U. S. views as to possibility of cooperation among interested Governments in withholding support from loans made by nationals to Chinese Government upon security of salt revenues in excess of amounts required for service of reorganization loan of 1913.	767
May 23 (230)	*From the Minister in China (tel.)* Government's efforts to raise money for new expenditures by bond issues secured on salt or customs surpluses which have already been pledged to bankers as security for loans.	769
May 26 (233)	*From the Minister in China (tel.)* Decision of colleagues to adopt attitude, if approached by Government regarding loan, that proposal cannot be entertained until united, stable government has been formed, at which time they will be prepared to recommend to their governments consideration of financial assistance.	769
May 27 (132)	*To the Minister in China (tel.)* Approval of position indicated in telegram no. 233, May 26.	770
May 31 (241)	*From the Minister in China (tel.)* Prospects of unification of China, which would be hastened by financial assistance from consortium. Views of Addis, representative of British banking group.	770

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Inconclusive Negotiations for a Consortium Loan to the Chinese Government—Continued

Date and number	Subject	Page
1922		
June 2	*To the British Ambassador* U. S. opposition to policy of withholding support from loans made by nationals to Chinese Government upon security of excess salt revenues; absence of legal right to restrict China in disposition of salt surplus; desire to avoid creation of exclusive or monopolistic position in favor of consortium.	771
June 12	*From the American Group* Report of council of consortium (text printed) adopted at meeting held May 15 in office of Hongkong & Shanghai Banking Corp., London, setting forth guiding principles of consortium and meeting some of unfounded reports current in China.	773
July 10 (299)	*From the Minister in China (tel.)* Identic telegrams of the four Ministers to their Governments (text printed) recommending monthly advances by consortium banks, expenditure thereof subject to supervision and audit with foreign assistance, Government to pledge itself to consolidation of internal and external foreign floating debt. Doubt as to continued existence of Government without outside financial assistance.	779
July 19 (177)	*To the Minister in China (tel.)* Transmittal of copy of Minister's telegram no. 299, July 10, to American group for comment. Inquiry whether proposal, if adopted, takes place of proposed Boxer indemnity postponement.	780
July 25 (320)	*From the Minister in China (tel.)* Intention that proposed monthly advances will take place of proposed postponement of indemnity payments. Revision of plan by consortium representatives to meet British objections, basing debt consolidation on security of customs revenues, wine and tobacco tax, railway and salt revenues, etc.	780
July 27 (322)	*From the Minister in China (tel.)* Deliberations of the four Ministers on consolidation loan proposal and indemnity postponement; Japan's disapproval of former; decision to submit latter for approval of the four Governments in view of Yen's assurance that Government will collapse without outside assistance.	781
Aug. 4	*From the American Group* Position of group on subject of banking advances to Chinese Government; its inability to take care of obligations without reasonable security.	783
Sept. 29 (397)	*From the Minister in China (tel.)* Conversations between Foreign Minister and consortium representatives in regard to loan proposals; insistence by latter that Hukuang obligations of December 3 be met; consideration of various means for so doing.	785

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Inconclusive Negotiations for a Consortium Loan to the Chinese Government—Continued

Date and number	Subject	Page
1922		
Oct. 5 (409)	*From the Minister in China (tel.)* Identic telegrams of Ministers to their Governments (text printed) agreeing that Chinese proposals should be adopted as basis for further discussion, in view of certain serious consequences if rejected.	786
Oct. 17 (243)	*To the Minister in China (tel.)* Information that the United States does not extend its support to consortium to such extent as to make it a monopoly which would preclude support to any interests which would undertake business with which consortium does not concern itself, such as Crisp proposal to negotiate loan for refunding Vickers, Marconi, Pacific Development, and Chicago Bank loans. (Substance sent to British Embassy.)	787
Oct. 19	*From the Japanese Embassy* Japan's opinion that, because of instability of political conditions in China, it would be premature for consortium to extend immediate financial assistance to Peking Government.	788
Oct. 27	*From the American Group* Assurance that Japan will not be lacking in cooperation when sound loan operation presents itself. Request for information on Crisp negotiations. Opinion that U. S. attitude, as expressed to British Foreign Office, appears to recede from position of support to consortium heretofore taken. Suggestion that supplementary memorandum be sent to British Foreign Office by way of amplifying U. S. position.	790
Nov. 2 (831)	*From the British Ambassador* Desirability of immediate consideration of informal proposal advanced by representatives of four groups in Peking for loan to Chinese Government, in view of improved conditions and urgency of settling question of unsecured foreign debts before meeting of special tariff conference.	793
Nov. 23	*To the Japanese Embassy* U. S. inability to share Japanese opinion regarding financial assistance to China; approval of favorable consideration of loan to Peking as sole recognized and responsible government, also of consolidation of floating debt.	794
Nov. 23	*To the British Ambassador* U. S. accord with British views expressed in note of November 2; transmittal of copy of memorandum of November 23 sent Japanese Embassy; instructions to U. S. Ambassador in Japan to associate himself with British colleague in urging Japan to authorize its group to give favorable consideration to loan.	797
Dec. 28	*From the Japanese Embassy* Further arguments in support of view that it would be premature to extend immediate financial assistance to Peking Government. Recommendations for presenting definite plan for consolidation of loans and for consideration in special tariff conference question of financial reorganization.	797

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Default by the Chinese Government on American Loans

Date and number	Subject	Page
1922		
Feb. 21 (42)	*To the Minister in China (tel.)* Instructions to inquire when American holders of Chinese bonds issued in connection with Continental and Commercial Bank loan may expect payment, in view of many inquiries received by Department and Continental and Commercial Bank.	802
Mar. 1 (72)	*From the Minister in China (tel.)* Prime Minister's reply that there is no possibility of obtaining funds during present Cabinet crisis.	802
May 1 (106)	*To the Minister in China (tel.)* Statement of Ministry of Finance that coupons and commission of May last will be paid when salt surplus is received in June and July. Instructions to keep matter before Chinese Government and remind them that four semiannual payments are due as well as principal.	802
May 5 (198)	*From the Minister in China (tel.)* Statement from Ministry of Finance that one-half of interest payments will be made when salt surplus is received and that it will be necessary to devise other means for payment of principal.	803
July 5 (164)	*To the Minister in China (tel.)* Inquiry regarding Chinese negotiations with Crisp for loan under a contract which provides for payment of all indebtedness to Americans now in default including Pacific Development loan.	803
July 10 (300)	*From the Minister in China (tel.)* Finance Minister's proposal that provincial authorities deposit 20 percent of wine and tobacco revenues as sinking fund for payment of Pacific Development and Chicago Bank loans; first payment to be made in 1923, remainder in eight yearly installments.	803
July 11 (301)	*From the Minister in China (tel.)* Report that Crisp represents a group of London bankers independent of and opposed to consortium group, and that his negotiations for loan to cover Pacific Development Corporation, Chicago Bank, Marconi, and Vickers loans, all in default, have been dropped.	804
July 24 (318)	*From the Minister in China (tel.)* Efforts of Pacific Development Corporation to get Chinese Government to reopen negotiations with Crisp, in view of its difficult position in carrying tremendous loan. Appeal to Minister who requests instructions.	805
July 26 (187)	*To the Minister in China (tel.)* Instructions neither to aid nor actively oppose Crisp loan, which is a British enterprise.	805

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DEFAULT BY THE CHINESE GOVERNMENT ON AMERICAN LOANS—Continued

Date and number	Subject	Page
1922 Aug. 9	*From the Vice President of the Continental and Commercial Trust and Savings Bank* Doubt of ability of Central Government to carry out sinking-fund plan to liquidate Pacific Development and Chicago Bank loans in eight yearly installments, in view of prior defaults; bank's willingness to negotiate with China regarding a foreign inspector for Wine and Tobacco Administration.	806
Aug. 29 (353)	*From the Minister in China (tel.)* Investigation revealing that all bonds of $96,000,000 issue are now on market or in hands of Japanese or Chinese banks to whom issued, and that $600,000 of interest due has been paid out of salt surplus.	807
Sept. 1 (209)	*To the Minister in China (tel.)* Instruction to express U. S. failure to understand why Government is able to pay $600,000 interest on the $96,000,000 issue and does not make interest payments on defaulted U. S. obligations.	808
Sept. 8 (364)	*From the Minister in China (tel.)* Report that attention of officials has been called repeatedly to the fact that payments are made on internal loans while Government is indifferent to defaulted foreign obligations.	808
Sept. 21 (375)	*From the Minister in China (tel.)* Report of payments made on Crisp and Anglo-French loans and on internal loans from salt revenues and surplus releases; also of a new loan obtained from Sino-Belgian Bank.	808
Sept. 23 (233)	*To the Minister in China (tel.)* Instructions to make further representations regarding failure to meet payments on defaulted American loans, and to request statement of definite, reliable plan for liquidation.	809

DECISION BY THE AMERICAN AND BRITISH GOVERNMENTS TO REMIT FURTHER PAYMENTS ON THE BOXER INDEMNITY, SUBJECT TO LEGISLATIVE APPROVAL

1922 June 23 (280)	*From the Minister in China (tel.)* Chinese request, June 19 (excerpt printed) for further extension of time for payments on Boxer indemnity.	809
June 24 (283)	*From the Minister in China (tel.)* Yen's proposal of conference with United States, British, French, and Japanese Ministers on postponement of indemnity payments; Japanese Foreign Minister's statement regarding policy of remission adopted by several governments, making postponement of payments difficult.	810
June 27 (158)	*To the Minister in China (tel.)* Passage through Senate of resolution to remit remainder of Boxer indemnity; chance of its passage through House if deferred until December session.	811
Aug. 2 (193)	*To the Minister in China (tel.)* Instructions to state that Department will refrain from pressing for indemnity payments for two years, provided other interested Governments do likewise; and to confer with colleagues as to advisability of obtaining specification of items for which said funds are to be used.	811

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Decision by the American and British Governments to Remit Further Payments on the Boxer Indemnity, etc.—Continued

Date and number	Subject	Page
1922		
Sept. 21 (230)	*To the Minister in China (tel.)* Inquiry whether subject of indemnity postponement has been discussed with interested members of diplomatic body and with Chinese Government; if so, with what result.	812
Sept. 23 (378)	*From the Minister in China (tel.)* Report that Italy refuses to postpone indemnity payments; France cannot; England and Japan oppose principle, but if other nations consent they might follow.	812
Nov. 6 (837)	*From the British Ambassador* British decision, subject to sanction of Parliament, to remit remainder of Boxer indemnity payments, on understanding that funds will be devoted to objects mutually beneficial to China and Great Britain. Inquiry whether United States desires to associate itself with British in similar announcement. Similar note to Japan.	812
Nov. 17	*To the British Ambassador* Information that decision was reached by Secretary of State in July 1921, subject to approval of Congress, to remit to China, unconditionally, all further indemnity payments as from October 1, 1917; joint resolution passed Senate, now pending in House; sums paid by China held subject to return.	813
Dec. 2	*From the Secretary of the Treasury* Assurance that any moneys due the United States which may be received on account of Chinese indemnity will be held in special deposit account, pending decision on remission of indemnity by Congress.	814
Dec. 14 (494)	*From the Minister in China (tel.)* Recommendations as to method for handling indemnity payments, both retained portion and remitted portion.	815
Dec. 16	*From the Comptroller General* Statement of amount due the United States from Chinese indemnity as of January 1, 1923.	815
Dec. 23 (295)	*To the Minister in China (tel.)* Assumption that Minister's plan is for retained portion of indemnity payments to be paid to International Banking Corp. for transmission to Treasury, and remitted portion to be paid by Inspector General to Foreign Office.	815

Revision of the Chinese Customs Tariff

1922		
Mar. 11 (98)	*From the Minister in China (tel.)* China's appointment of delegates to Tariff Revision Commission, setting time and place, and requesting prompt appointment of delegates by other powers.	816
Mar. 31 (75)	*To the Minister in China (tel.)* Appointment of Arnold as principal delegate to Tariff Revision Commission. Instructions to representatives at Christiania, Copenhagen, Madrid, and Rio de Janeiro to extend invitations to Governments to which accredited to attend conference.	816

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Revision of the Chinese Customs Tariff—Continued

Date and number	Subject	Page
1922 Apr. 7 (1)	*From the Consul General at Shanghai (tel.)* From Arnold: Calculation that present tariff revision will form basis for subsequent 2½ percent surtax; consideration of questions of reclassification and of a basis for assessing duties; importance of appointing technical expert as assistant, and local U. S. businessman as member of Commission.	817
Apr. 7 (3)	*From the Consul General at Shanghai (tel.)* From Arnold: Proposal that Shanghai market values for past six months be taken as basis for new tariff.	817
Apr. 11 (4)	*From the Consul General at Shanghai (tel.)* From Arnold: Recommendation of W. A. Burns as member of U. S. delegation on Tariff Revision Commission without remuneration.	817
Apr. 13	*To the Consul General at Shanghai (tel.)* For Arnold: U. S. assent that prevailing values should be used as basis of valuation.	818
Apr. 22	*To the Consul General at Shanghai (tel.)* For Arnold: Appointment of Burns as associate member of U. S. delegation on Tariff Revision Commission. Inquiry as to reasonable remuneration, since voluntary service cannot be accepted.	818
May 27	*To Mr. Henry Blackwood, Special Deputy Collector of Customs, Seattle* Appointment as associate member of U. S. delegation on Tariff Revision Commission.	818
Undated [Rec'd Sept. 9]	*From the Chairman of the American Delegation, China Tariff Revision Commission (tel.)* Inquiry whether draft of revised tariff must be submitted for U. S. sanction before publication or whether delegation's sanction is sufficient for U. S. ratification.	818
Undated [Rec'd Sept.13]	*From the Chairman of the American Delegation, China Tariff Revision Commission (tel.)* Proposed prefatory note to completed tariff (text printed) authorizing publication, tariff to come into force December 1, 1922.	819
Sept. 27 (235)	*To the Minister in China (tel.)* For Arnold: No objections to publication of revised schedule pending deposit of ratification of customs treaty of February 6, provided schedule is accepted by all other interested Governments.	819
Undated [Rec'd Sept.28]	*From the Chairman of the American Delegation, China Tariff Revision Commission (tel.)* Completion of work and adjournment of Tariff Revision Commission on Sept. 28.	819
Oct. 2 (403)	*From the Minister in China (tel.)* Resolution in full meeting of conference approving revised import tariff, effective as of December 1, 1922, provided shipments made prior to that date shall pay former tariff. Request of delegates that their Governments agree to above procedure.	820

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REVISION OF THE CHINESE CUSTOMS TARIFF—Continued

Date and number	Subject	Page
1922		
Oct. 5 (236)	*To the Minister in China (tel.)* Reiteration of U. S. inability to approve alteration of tariff schedule pending coming into force of customs treaty of February 6; no objections, however, to arrangement suggested provided it is accepted by all interested Governments.	820
Oct. 18 (422)	*From the Minister in China (tel.)* Foreign Office circular note stating revision just concluded was made in accordance with international agreement of 1918 and irrespective of Washington Treaty. Japanese opinion schedule cannot go into effect until approved separately by each Government concerned, then only after two weeks' notification to foreign merchants.	820
Oct. 24 (247)	*To the Minister in China (tel.)* Authorization to accept Japanese suggestion. Instructions to advise Department of conclusion reached.	821
1923		
Jan. 5 (10)	*From the Minister in China (tel.)* Receipt of notice of approval of revised import tariff from each of powers concerned; notification bringing it into effect January 17.	821

POSTPONEMENT OF THE MEETING OF THE COMMISSION ON EXTRATERRITORIALITY IN CHINA

1922		
Apr. 13	*From the Chinese Minister* Request for postponement of meeting of Commission on Extraterritoriality in China, in order that statistical information concerning judicial administration may be compiled and translations made of codes of Chinese law and procedure.	822
Apr. 25	*To the Chinese Minister* U. S. acquiescence in postponement and instructions to U. S. representatives to ascertain views of other interested Governments on subject.	822
May 4	*To the Diplomatic Representatives in Norway, Sweden, Denmark, Spain, Brazil, and Peru (tel.)* Instructions to inquire whether Governments to which accredited desire to adhere to resolution for appointment of Commission on Extraterritoriality in China, also to China's request for postponement of meeting for compiling of data.	823
May 29	*To the Chinese Minister* Receipt of advices from all powers concerned giving assent to postponement of meeting of Commission on Extraterritoriality in China, as requested.	824
Nov. 28 (399)	*From the Ambassador in Spain* Spanish reply adhering to agreement for postponement of meeting of Commission on Extraterritoriality.	824

CHINA

Assertion of the Extraterritorial Rights of American Citizens Under Martial Law in China

Date and number	Subject	Page
1922 June 7 (707)	*From the Minister in China* Request for views on applicability of martial law to persons possessed of extraterritorial privileges, in view of declaration of martial law at Tsinan and territory along Tientsin-Pukow and Shantung Railways.	825
Aug. 18 (208)	*To the Minister in China* Opinion that declaration of martial law cannot operate to deprive Americans of rights under treaties; that U. S. consuls may, however, render assistance to Chinese authorities in maintaining order and preventing unlawful acts by Americans.	825

Payment of Chinese Claims Arising Out of the Acts of Persons Connected With the Naval or Military Service of the United States

1922 [Mar. 9]	*President Harding to the Senate and House of Representatives* Report from Acting Secretary of State, March 7 (text printed) relative to four claims against the United States presented by China arising out of negligent or unlawful acts in China of persons connected with U. S. military or naval service. Recommendation for payment of claims. (Footnote: Authorization for payment under Second Deficiency Act, 1923.)	826

Proposals for International Cooperation in the Development of Radio Communications in and with China

1921 Dec. 14	*From the Expert Assistant to the American Delegation at the Conference on the Limitation of Armament* Letter, dated December 7, 1921, from Chairman of Board of Radio Corporation of America to Mr. James R. Sheffield (text printed) regarding arrangement with radio interests of England, France, and Germany for radio communications in South America, suggesting similar arrangement in China. Letter dated December 12, 1921, from Chairman of Board of R. C. A. to Senator Elihu Root (text printed) explaining corporation's offer to cooperate with Federal Telegraph Co. of California in radio development in China.	830
Dec. 16	*From the Secretary of the Navy* Desirability of healthy competition among commercial companies for furnishing communication between China and outside world rather than creation of monopolies in radio service which might lead to monopoly in other services. Suggestion that any understandings on subject be submitted to respective Governments for approval.	835
1922 Jan. 9	*From the Chairman of the Board of the Radio Corporation of America* Enumeration of advantages of international cooperation in development of wireless stations in China and reasons for favoring theory of regulated monopoly in preference to competitive activity.	837

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PROPOSALS FOR INTERNATIONAL COOPERATION IN THE DEVELOPMENT OF RADIO COMMUNICATIONS IN AND WITH CHINA—Continued

Date and number	Subject	Page
1922		
Jan. 27	*From Mr. Elihu Root, of the American Delegation at the Conference on the Limitation of Armament* Desirability of discussion outside of conference by U. S., British, French, and Japanese experts on electrical communications with view to friendly agreement between private interests holding preferential privileges in China and to improvement of trans-Pacific communication services.	838
Mar. 10	*From the Technical Expert, American Delegation at the Conference on the Limitation of Armament* Report on informal discussions by United States, British, French, and Japanese communications experts; their recommendations, February 4 (text printed) regarding cooperative scheme for establishing radio service between China and other countries, and proposed heads of arrangements therefor (text printed).	839
June 2 (414)	*From the British Ambassador* British approval of conclusions reached by wireless experts on subject of radio communications in and with China.	844

ARRANGEMENT BETWEEN THE FEDERAL TELEGRAPH COMPANY AND THE RADIO CORPORATION OF AMERICA FOR CARRYING OUT THE FORMER'S CONTRACT WITH CHINA

1922		
Jan. 6 (5)	*From the Minister in China (tel.)* Report that Minister of Communications disapproves of French proposals made at Washington Conference for unification of Chinese wireless, and desires that Federal Telegraph Co. proceed with their agreement, urging that U. S. Government give financial support to company.	844
Jan. 10 (4)	*To the Minister in China (tel.)* Information that U. S. assent will not be given to any foreign arrangement for monopoly of communications in China; that prior consultation with Chinese Government as to any understanding is assured; and that execution of Federal Telegraph Co.'s contract is expected.	845
Feb. 10 (43)	*From the Minister in China (tel.)* Representations of Danish Great Northern Telegraph Co. to China, pointing out failure of Federal Telegraph Co. to execute contract, and Danish company's desire to take over contract under guaranty of execution. Chinese official's evasive reply.	845
Feb. 10 (44)	*From the Minister in China (tel.)* Chinese delegates at Washington instructed to oppose international control of wireless in China or any interference with Federal Telegraph Co.'s contract and to repudiate monopolistic clauses in British and Japanese wireless contracts. Chinese request that U. S. delegates confer privately with Chinese delegates on subject.	846

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ARRANGEMENT BETWEEN THE FEDERAL TELEGRAPH COMPANY AND THE RADIO CORPORATION OF AMERICA, ETC.—Continued

Date and number	Subject	Page
1922 Feb. 16 (36)	*To the Minister in China (tel.)* Instructions to state, if deemed necessary, that any effort to discredit Federal Telegraph Co. should not be tolerated, in view of fact that it is now proceeding under its concession.	846
Feb. 16 (37)	*To the Minister in China (tel.)* Information that U. S. delegation has disbanded but that Department is ready to discuss wireless question with Chinese delegates; that cooperative development of radio with other nations was not acted on by conference; and that U. S. expert favors direct communication between China and the United States, unhampered by foreign interests.	847
Feb. 20 (55)	*From the Minister in China (tel.)* Report that Federal Telegraph Co. has arranged to secure loan of $2,500,000 gold; Chinese desire that construction of Shanghai station begin at once.	847
Mar. 8	*From the President of the Federal Telegraph Company* Opinion that building of Shanghai station should not begin until project has been totally financed.	848
Mar. 22	*To the Secretary of the Navy* Memorandum, March 21, by expert assistant to U. S. delegation at Conference on Limitation of Armament (text printed) concerning negotiations being carried on between Federal Telegraph Co. and Radio Corporation of America with regard to Federal Telegraph Co.'s concession in China and looking toward a contract between the two companies for common action in development of trans-Pacific radio communication; recommendations in favor of project under certain enumerated conditions.	848
Mar. 24 (114)	*From the Minister in China (tel.)* Arrangements for taking over by Chinese Director of Telegraphs of foreign wireless plants and Director's urgent desire for Federal Telegraph Co. to hasten its construction work.	852
Mar. 25	*From the Secretary of the Navy* General accord with proposal for joint company in development of trans-Pacific radio communications; necessity for traffic agreement between new company and Navy high-powered circuits in area; enumeration of certain principles as bases for agreement.	852
May 8 (114)	*To the Minister in China (tel.)* Efforts of president of Federal Telegraph Co. to conclude traffic agreements and arrange other matters necessary to the carrying out of contract.	854
May 12 (216)	*From the Minister in China (tel.)* Policy of British, French, and Japanese wireless interests to secure agreement with China at variance with that of Washington Conference; their denouncing of Federal Telegraph Co. contract because of delay in execution. Necessity for haste in launching U. S. project.	854

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ARRANGEMENT BETWEEN THE FEDERAL TELEGRAPH COMPANY AND THE RADIO CORPORATION OF AMERICA, ETC.—Continued

Date and number	Subject	Page
1922 May 17 (123)	*To the Minister in China (tel.)* Federal Telegraph Co.'s statement that financial, mechanical, and traffic arrangements are being completed and that engineers will soon arrive in Peking. Confidential information regarding negotiations between Federal Telegraph Co. and Radio Corporation of America to form new joint company for operation in China.	855
Aug. 29	*From the President of the Federal Telegraph Company* Announcement of tentative arrangements for new company called Federal Telegraph Co. of Delaware, which will be owned and controlled jointly by Federal Telegraph Co. of California and Radio Corporation of America. Transmittal of copies of engagement, in hope that Department will raise no objections to arrangement and will authorize diplomatic support of negotiations in China.	856
Sept. 7 (222)	*To the Minister in China* Confidential information regarding tentative arrangements for new communications company, with copies of announcement thereof and of Department's reply. Authorization to give diplomatic support to negotiations to be conducted in China.	856
Nov. 28 (464)	*From the Minister in China (tel.)* Japanese Minister's strong protest against Federal Telegraph Co.'s wireless contract. Arrival of new company's representative to whom all possible support will be given.	857
Nov. 29 (279)	*To the Minister in China (tel.)* Inquiry with whom and on what basis Japanese protest was filed.	857
Dec. 4 (475)	*From the Minister in China (tel.)* Report that Japanese protest was filed with Foreign Minister and Minister of Communications on basis of monopolistic clause in supplementary letter to Mitsui wireless contract.	858
Dec. 6 (479)	*From the Minister in China (tel.)* Article 12 of agreement between China and Japan, December 1, 1922 (text printed) regarding discontinuance of monopoly granted to foreign concerns for electrical transmission.	858
Dec. 28 (299)	*To the Minister in China (tel.)* Instructions to call attention to U. S. reservation of rights against monopolies in China and to Mitsui Co.'s claim, as being at variance with principles and spirit of Washington treaty. Department's intention to make representations to Japanese Chargé in above sense, reserving all U. S. rights.	858
1923 Jan. 3 (3)	*From the Minister in China (tel.)* Report that Federal Telegraph Co. has situation well in hand and that it would serve no good purpose to send note to Japanese Chargé.	859

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ARRANGEMENT BETWEEN THE FEDERAL TELEGRAPH COMPANY AND THE RADIO CORPORATION OF AMERICA, ETC.—Continued

Date and number	Subject	Page
1923 Jan. 5 (6)	*To the Minister in China (tel.)* Inquiry whether Legation still considers it unwise to make representations to Japanese Chargé.	859
Jan. 7 (14)	*From the Minister in China (tel.)* Opinion that representations to Japanese Chargé might arouse Japan to protest further to China. Assurances that Department will be notified if conditions change for the worse.	860

PROTECTION OF AMERICAN LIFE AND PROPERTY AGAINST BRIGANDAGE

1922 Mar. 4 (28)	*From the Minister in China (tel.)* Reported killing of Dr. A. L. Shelton, American missionary, by robbers near Batang. Request to Foreign Office for investigation of crime and apprehension of guilty parties.	860
Mar. 11 (96)	*From the Minister in China (tel.)* Confirmation of murder and renewal of request to Foreign Office for apprehension and trial of guilty parties.	861
Mar. 18 (110)	*From the Minister in China (tel.)* Summary of Foreign Office reply (text printed) giving circumstances of death of Shelton, his failure to heed official warning against traveling in certain district and Government's efforts to capture culprits and protect foreigners.	861
Mar. 29 (46)	*The Minister in China to the Consular Officers in China* Foreign Minister's note, March 23 (text printed) requesting that instructions be issued to U. S. missionaries and merchants not to proceed to regions on borders of Szechuan, temporarily, since bandits are intermittently active therein.	862
June 17 (192)	*The Minister in China to the Chinese Minister of Foreign Affairs* Insistence that authorities should assume full responsibility for protection of missionaries residing, under treaty rights, at Batang and Tachienlu.	863
June 21 (189)	*The Chinese Minister of Foreign Affairs to the Minister in China* Explanation that discontinuing passports on Szechuan border is measure designed to safeguard lives and property of foreigners; that local authorities will exert utmost efforts for protection of missionaries residing there.	864
Oct. 17 (420)	*From the Minister in China (tel.)* Report that Anton Lundeen, American missionary, was captured at Juchow, Honan, by brigands following looting of mission station, and that representations have been made.	864
Nov. 4 (436)	*From the Minister in China (tel.)* Report that Lundeen and Forsberg were captured as hostages not by robbers but by band of soldiers who demand recognition as unit of National Army. Hope of Wu and Feng for release of prisoners through negotiations.	865

PROTECTION OF AMERICAN LIFE AND PROPERTY AGAINST BRIGANDAGE—Contd.

Date and number	Subject	Page
1922 Nov. 16 (449)	*From the Minister in China (tel.)* Presentation of joint note of protest by United States, British, French, Italian, and Swedish representatives against kidnaping and detention by brigands in Honan of nationals of their respective countries. Koo's reply that efforts are being made for release of prisoners. Report of further captures by bandits.	866
Nov. 24 (275)	*To the Minister in China (tel.)* Department's approval of joint note of protest, awaiting with concern efforts to release Americans.	867
Nov. 29 (466)	*From the Minister in China (tel.)* Appointment by diplomatic body of an international commission to investigate conditions in Honan and to take steps deemed expedient. Their authorization of telegram demanding liberation of foreigners, and publication of joint protest to Government.	867
Dec. 6 (480)	*From the Minister in China (tel.)* Wu's suggestion that departure of international commission for Honan be deferred, which was approved by diplomatic body in view of installation of new Cabinet. Wu's indignation at publication of protest which holds him jointly responsible for continued captivity of foreigners.	867
Dec. 9 (486)	*From the Minister in China (tel.)* Reported release of Forsberg, who thinks others will soon be freed; robbers being hard pressed by Government troops. (Footnote: Recorded release of prisoners.)	868
Dec. 16 (497)	*From the Minister in China (tel.)* Diplomatic body's refusal to dissolve international commission, deferring its departure for Honan, but still viewing with anxiety continued danger to nationals in Honan.	868

CONSTITUTION OF THE AMERICAN FORCES IN CHINA INTO A SEPARATE COMMAND HAVING SPECIAL RELATIONS TO THE AMERICAN MINISTER IN CHINA

1922 Oct. 21 (WPD 938)	*From the Secretary of War* Information that U. S. troops in China, heretofore attached to Philippine Department, will constitute a separate command under General Connor, reporting directly to War Department. Extract from letter of instructions to General Connor (text printed) outlining the mission of his command.	869
Nov. 8	*To the Secretary of War* Views as to duties of U. S. forces in China and relations to be maintained between these forces and U. S. diplomatic mission, in order to preserve U. S. prestige in Far East and assure safety of the mission; citation of precedents in orders given Legation Guard and Marine Corps (excerpts printed).	870
Nov. 21	*From the Secretary of War* Accord with views of Secretary of State regarding duties of U. S. forces in China and transmittal of Secretary of State's letter of November 8 to General Connor for guidance.	873

CHINA

TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, OCTOBER 31, 1922, AFTER CHINA'S REJECTION OF PROPOSALS FOR ITS CONTINUATION

Date and number	Subject	Page
1921 Dec. 24 (340)	*To the Minister in China (tel.)* Tentative plan for international conservation of the Chinese Eastern Railway, providing for financing, operating, and policing and designed to prevent any one foreign power from gaining control of railway. Instructions to discuss plan with Chang.	874
Dec. 27 (281)	*From the Minister in China* Transmittal by Soviet delegate in China of letter dated December 8, 1921, from Commissar for Foreign Affairs (text printed) protesting against any decision regarding Chinese Eastern by Washington Conference detrimental to Russian rights, declaring solution of question to be under exclusive jurisdiction of China and Russia.	875
Dec. 27 (469)	*From the Minister in China (tel.)* Soviet declaration (excerpt printed) of readiness to restore railway to China free of financial and economic charges in return for China's guaranty that it will not be turned over to any third power.	877
Dec. 31 (343)	*To the Minister in China (tel.)* Instructions to impress upon officials questionable validity of any agreement with Soviets and impossibility of obtaining assent of interested powers to nullify 1896 treaty.	877
1922 Jan. 1 (2)	*From the Minister in China (tel.)* Report of Chang's unfavorable attitude toward tentative plan for international conservation of Chinese Eastern.	877
Jan. 7 (8)	*From the Minister in China (tel.)* Foreign Minister's assertion that no negotiations had taken place with Russian Soviet Government, that China was unanimous in opposition to international control of railway, and that money could be raised by floating bond issue independent of consortium.	878
Jan. 10 (3)	*To the Minister in China (tel.)* Instructions to present tentative plan outlined in Department's telegram of December 24, 1921.	879
Jan. 17 (7)	*From the Ambassador in Japan (tel.)* From Caldwell: Refusal of Minister of Foreign Affairs of Far Eastern Republic to accept plan for an inter-Allied committee to manage railway, on ground that international guard would be too largely Japanese.	879
Jan. 19 (7)	*To the Minister in China (tel.)* Instructions to inform British Minister of tentative plan outlined in Department's telegram of December 24, 1921, with view to securing cooperation in winning its acceptance by Chinese.	880
Jan. 19 (4)	*To the Ambassador in Japan (tel.)* Instructions to inform Caldwell that no plan was contemplated which would involve maintenance of foreign troops in concession zone.	880

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TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, ETC.—Continued

Date and number	Subject	Page
1922		
Jan. 22 (21)	*From the Minister in China (tel.)* Official consideration of Department's tentative plan of December 24, 1921.	881
Feb. 2 (37)	*From the Minister in China (tel.)* British Minister's recommendation to his Government in favor of merely changing existing arrangement by giving Technical Board somewhat greater powers.	881
Feb. 3 (22)	*To the Minister in China (tel.)* Washington Conference deliberations revealing need for more adequate protection of railway, and impracticability of obtaining financial support without effective financial control assuring economic operation. Instructions to advise that efforts be made to improve situation. (Instructions to repeat deliberations to Tokyo and Vladivostok and to have Harbin repeat them to Caldwell.)	882
Feb. 3	*To the Ambassador in Japan, the Minister in China, and the Consul General at Shanghai (tel.)* Washington Conference deliberations on Chinese Eastern; adoption of resolution, February 2 (text printed) requiring that subject be dealt with through diplomatic channels for better protection and more efficient operation; and reservation of rights by powers other than China, February 4 (text printed) holding China responsible for execution of contracts with bondholders and foreign creditors; views of Chinese delegation.	883
Feb. 6	*From the Consul at Harbin (tel.)* Chinese campaign against international control of Chinese Eastern, believed to be instigated by order of authorities.	884
Feb. 16 (41)	*To the Ambassador in Japan* Information regarding efforts of Japanese delegation at Washington Conference to reach preliminary accord with United States and the transference of negotiations to Tokyo upon departure of delegation; Department's agreement in principle to any informal exchange of views between any two powers in an entirely preliminary sense. (Sent also to Peking.)	884
Feb. 22 (60)	*From the Minister in China (tel.)* Representations to Chinese Government, British Minister acquiescing, stressing need for cooperation with powers regarding future of railway, and advantage to China of voluntarily requesting such cooperation.	886
Mar. 7 (52)	*To the Minister in China (tel.)* Chinese Minister's recommendation to his Government to accept suggestions in Department's telegram no. 22, February 3. Department's statement, in reply to Japanese inquiry, that U. S. friendly suggestions to China could not be interpreted as opening diplomatic interchanges recommended by Washington Conference. (Instructions to repeat Department's statement to Embassy in Japan.)	888
Mar. 9	*From the Acting President of the Technical Board (tel.)* To Stevens: Appointment of Dr. C. C. Wang as acting head of railway.	888

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TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, ETC.—Continued

Date and number	Subject	Page
1922		
Mar. 25 (118)	*From the Minister in China (tel.)* Wang's personal views, shared by interested Chinese and Russians, that international cooperation should be rejected; enumeration of reasons; other comments on reorganization and management.	889
Mar. 28 (120)	*From the Minister in China (tel.)* British desire to withdraw member from Technical Board as an economy measure, proposing as an alternative that Chinese Government assume cost of maintaining Technical Board. Inquiry as to U. S. attitude.	891
Apr. 8 (104)	*To the Ambassador in Great Britain (tel.)* Instructions to state that withdrawal of British member of Technical Board would be considered unfortunate at this time, and that deferred action is desirable, alternative suggestion to be considered later.	892
Apr. 8 (32)	*To the Ambassador in Japan (tel.)* Instructions for Stevens to discuss situation with Wang and others, report views as to future possibilities, and advise as to policies to be pursued. Inquiry whether subject of United States-Japanese accord has been approached.	892
Apr. 10 (62)	*From the Ambassador in Japan (tel.)* Failure of Japanese officials to discuss United States-Japanese accord.	893
May 1	*Memorandum by Mr. Douglas Jenkins of the Division of Russian Affairs, Department of State* Organized propaganda in Harbin and elsewhere in North Manchuria against Technical Board and proposed international control of Chinese Eastern.	893
May 15 (220)	*From the Minister in China (tel.)* British Minister's report to his Government giving reasons why it is undesirable for Chinese Eastern to bear cost of Technical Board. Schurman's acquiescence.	894
May 24 (1330)	*From the Ambassador in Great Britain* Foreign Office note, May 23 (text printed) stating that after December 31 British representation on Technical Board must cease if expense must be borne by British Exchequer.	895
May 25	*From the President of the Technical Board (tel.)* Report that it is useless to continue Technical Board, which is being ignored, and that due to mismanagement, railway must soon collapse.	896
May 27 (49)	*To the Ambassador in Japan (tel.)* Instructions to confer with Foreign Office and point out necessity for prompt decision as to action to be taken regarding railway situation. Request for Stevens' report.	897
June 6 (93)	*From the Ambassador in Japan (tel.)* Stevens' statement that his report to Department was mailed from Shanghai. Failure of Japan to suggest any remedy for railway situation.	897

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TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, ETC.—Continued

Date and number	Subject	Page
1922 June 15	*To the Consul at Harbin (tel.)* For Stevens: Conclusion that further expenditure of U. S. funds in connection with Chinese Eastern and Trans-Siberian Railways is inadvisable; request for suggestions as to arrangements for securing American interests and estimate of funds remaining after immediate winding up.	898
June 18	*From the President of the Technical Board (tel.)* Failure to understand instructions, especially term "American interests." Intimation that Technical Board may be asked to assume control of railway's finances. Request for delayed action.	898
June 22	*To the Consul at Harbin (tel.)* For Stevens: Explanation that by "American interests" is meant this Government's financial advances to railway, opportunities for U. S. trade, and prevention of commercial discrimination; also that proposals to other governments may suggest complete termination of Allied agreement, or of Technical Board on its present basis.	899
June 27 (64)	*To the Ambassador in Japan (tel.)* Request for suggestions regarding protection of U. S. advances made under inter-Allied agreement and any substitute plan to conserve railway, in case agreement is terminated and Technical Board abolished. (Instructions to repeat to Peking.)	899
June 29	*From the President of the Technical Board (tel.)* Recommendation that action be deferred in view of probable developments which may change railway situation.	900
June 30	*From the President of the Technical Board (tel.)* Suggestion that Chinese Government be urged to suspend agreement between South Manchuria and Chinese Eastern Railways regarding tariff rates, as it gives Japan complete control over North Manchuria soya-bean crop, to detriment of Chinese Eastern and violates open-door policy. Arrangement accomplished by agreement to advance large sum in cash to Chinese Eastern.	900
June 30	*From the President of the Technical Board (tel.)* Resolution of Technical Board that each representative advise his government of inefficiency of Chinese forces guarding Chinese Eastern and request that proper guard be provided.	900
July 1 (291)	*From the Minister in China (tel.)* Press announcement by Chinese Eastern's Board of Directors of issue, July 1, of 5-year 10 percent bonds valued at 3,000,000 rubles.	901
July 1 (163)	*To the Minister in China (tel.)* Instructions to report any negotiations between China and Moscow or Chita representatives regarding Chinese Eastern.	901
July 1 (292)	*From the Minister in China (tel.)* China's denial of any knowledge as to agreement regarding tariff rates on soya beans.	901

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TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, ETC.—Continued

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1922		
July 6 (166)	*To the Minister in China* (*tel.*) Instructions to renew negotiations and point out informally how prejudicial to China's interests is continuance of present railway situation. Inquiries regarding bond issue.	902
July 6 (295)	*From the Minister in China* (*tel.*) Suggested substitutes for Technical Board and discussion of their merits.	902
July 8	*From the President of the Technical Board* (*tel.*) Opinion that through agreement regarding tariff rates Japanese have gained control of Chinese Eastern and North Manchuria and that export and import business through Vladivostok will be destroyed.	903
July 12	*To the Consul at Harbin* (*tel.*) For Stevens: Information that agreement regarding tariff rates has been brought to attention of Chinese Foreign Office.	904
July 15 (307)	*From the Minister in China* (*tel.*) Information regarding bond issue.	905
July 17	*To the Consul at Harbin* (*tel.*) For Stevens: Decision, in view of Japan's purpose to withdraw troops and the consequent automatic termination of agreement, to take up question of winding up Inter-Allied Committee and Technical Board and of confirming attitude taken at Washington Conference.	905
July 17 (209)	*To the Ambassador in Great Britain* (*tel.*) Draft memorandum for approval of interested powers (text printed) proposing a common course of action in winding up Inter-Allied Committee and Technical Board, pursuant to terms of 1919 agreement and in giving effect to resolutions adopted at Washington Conference.	905
July 17 (73)	*To the Ambassador in Japan* (*tel.*) Instructions to request comment on draft memorandum relating to Chinese Eastern.	907
July 18 (311)	*From the Minister in China* (*tel.*) Report that conversations have taken place between Foreign Minister, Soviet delegate in China, and manager of Russo-Asiatic Bank regarding status of railway, with no new developments.	907
July 22	*From the President of the Technical Board* (*tel.*) Report that attempt to float bonds has failed, end of resources admitted, and outside assistance imperative. Stevens' recommendation for loan, on condition of complete financial control. Russo-Asiatic Bank's approval, but Government's attitude hostile.	908
July 25	*To the Consul at Harbin* (*tel.*) For Stevens: Expression of appreciation of observations and recommendations; conviction that Department has adopted only course possible under circumstances.	909

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TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, ETC.—Continued

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1922		
Aug. 9 (135)	*From the Ambassador in Japan (tel.)* Japanese note, August 8 (text printed) expressing views on draft memorandum; willingness to proceed in winding up Inter-Allied Committee and Technical Board, agreeing to common course of action, suggesting careful observation of railway administration and operation with view to rendering future assistance.	909
Aug. 11 (87)	*To the Ambassador in Japan (tel.)* Information that Ambassadors at London, Paris, and Rome are being instructed to present memorandum on Chinese Eastern. Instructions to take similar action.	910
Aug. 15	*From the President of the Technical Board (tel.)* Report of mutiny of Chinese forces guarding railway; anticipation of further trouble.	910
Aug. 15 (91)	*To the Ambassador in Japan (tel.)* Approval of Japanese suggestion for careful observation of Chinese management with view to rendering future assistance; and proposal to submit plan to other powers concerned.	911
Aug. 16	*From the Consul at Harbin (tel.)* Inability of Chinese troops to guard railway adequately, as proved by mutiny at Pokotu and hold-up of train by Russian brigands.	911
Aug. 17	*From the President of the Technical Board (tel.)* Opinion that Russian interests would be betrayed by granting to China control over railway.	911
Aug. 18	*To the Consul at Harbin (tel.)* For Stevens: Information that Legation at Peking has been instructed to point out how prejudicial to China's interests is continuance of present situation in railway zone.	912
Aug. 23 (140)	*From the Ambassador in Japan (tel.)* Japan's reply to draft memorandum of July 17, in exact terms of its memorandum transmitted in Ambassador's telegram no. 135, August 9.	912
Aug. 23 (349)	*From the Minister in China (tel.)* China's program for Chinese Eastern: exclusive right to administer railway until Russia is recognized and final negotiations concluded; demand for dissolution of Technical Board as soon as Japanese forces withdraw from Siberia.	912
Aug. 24 (372)	*From the Ambassador in Great Britain (tel.)* British concurrence in action proposed in U. S. memorandum of July 17.	913
Aug. 28 (95)	*To the Ambassador in Japan (tel.)* Information that Japan's suggestion is being brought to attention of British, French, and Italian Governments.	913
Aug. 30 (274)	*To the Chargé in France (tel.)* Instructions to inquire when reply to U. S. memorandum may be expected, favorable replies having already been received from Great Britain and Japan. (Instructions to repeat to Rome.)	913

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TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, ETC.—Continued

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1922		
Sept. 5 (350)	*From the Chargé in France (tel.)* French reply concurring in principle with U. S. memorandum and affirming particular interest in Chinese Eastern on account of amount of French capital in Russo-Asiatic Bank, which is only stockholder of railway. Inquiry as to what countries are included in expression "the powers other than China."	913
Sept. 7 (278)	*To the Chargé in France (tel.)* Explanation of phrase "the powers other than China" as intended to refer to the five powers party to agreement of 1919. Proposal contemplates identic notes to Peking in sense of U. S. memorandum.	914
Sept. 8 (365)	*From the Minister in China (tel.)* Foreign Minister's inquiry concerning reported conversations between Department of State and Japanese Embassy regarding railway, and statement that he expects questions affecting Chinese Eastern to be taken up with China.	914
Sept. 9	*From the Consul at Harbin (tel.)* Postponement of meeting of shareholders of railway at Peking because Chang objects on ground that railway, being in Manchuria, is under his sole jurisdiction.	915
Sept. 11 (218)	*To the Minister in China (tel.)* Reference to certain correspondence to prove China's indisposition toward international cooperation as regards Chinese Eastern. Assurance that China will be communicated with in due time.	915
Sept. 11 (398)	*From the Ambassador in Great Britain (tel.)* British concurrence in Japanese suggestion regarding observation of railway operation by powers concerned, with view to rendering assistance.	916
Sept. 28	*From the Chief of the Division of Russian Affairs, Department of State* Further representations of Chinese Minister regarding negotiations in progress and reiteration of declaration that China would not recognize any United States-Japanese agreement affecting Chinese Eastern, which was entered into secretly. Renewal of U. S. assurances to Minister.	916
Oct. 1	*From the President of the Technical Board (tel.)* Evacuation of Chinese Eastern Zone by Japanese Army.	917
Oct. 2	*From the President of the Technical Board (tel.)* Prospective conference between Moscow Envoy Extraordinary in Peking and Chinese Government, to dispose of railway between themselves. Chinese seizure of Russian radio station at Harbin.	917
Oct. 5 (303)	*To the Ambassador in France (tel.)* Instructions to make formal representations (text printed) reviewing negotiations and expressing hope that France will give formal adherence to proposals for termination of inter-Allied supervision over Chinese Eastern. (Instructions to repeat to London for information of Foreign Office. Sent also to Tokyo for Foreign Office.)	917

CHINA

TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, ETC.—Continued

Date and number	Subject	Page
1922		
Oct. 7 (240)	*To the Minister in China* Instructions to assume noncommittal attitude toward new tariff arrangement, reserving right to protest should U. S. interests be discriminated against or open-door policy be otherwise infringed.	918
Oct. 13 (398)	*From the Ambassador in France (tel.)* France's formal adherence to proposals regarding Chinese Eastern.	919
Oct. 13 (311)	*To the Ambassador in France (tel.)* Instructions to repeat to London for action, to Rome for information, and to present at Paris proposal that each Government proceed with termination of inter-Allied supervision of Chinese Eastern; namely, discontinue Inter-Allied Committee and Technical Board, withdraw railway experts, present note to China, and give publicity to action taken. (Substance sent to Ambassador in Japan.)	920
Oct. 17 (172)	*From the Ambassador in Japan (tel.)* Japanese informal acquiescence in proposed course of action. Japanese memorandum dated October 16 (text printed) urging simultaneous action in winding up organizations by October 31 when evacuation of Japanese troops will be completed; and special instructions to Japanese representative on Technical Board and representative at Vladivostok (text printed).	920
Oct. 19 (121)	*To the Ambassador in Japan (tel.)* Instructions for U. S. representative on Inter-Allied Committee. Request for comments by Stevens on Japanese memorandum and instructions, particularly on point 4 of instructions concerning proposal to withhold payment of military transportation accounts.	922
Oct. 24 (424)	*From the Ambassador in France (tel.)* France's adherence to action proposed in Department's telegram no. 311, October 13, with statement that necessary instructions will be sent to its Missions at Peking and Tokyo, when informed of British and Japanese adherence.	922
Oct. 24 (203)	*From the Ambassador in Italy (tel.)* Italy's adherence to proposed course of action to terminate Inter-Allied Committee and Technical Board with common understanding as to future action.	923
Oct. 25 (176)	*From the Ambassador in Japan (tel.)* Japan's formal consent to proposals, requesting in addition that points in Japanese memorandum of October 16 be deemed supplementary to U. S. proposals insofar as compatible.	923
Oct. 26 (323)	*To the Ambassador in Great Britain (tel.)* Instructions to inform Foreign Office that France and Japan have concurred in U. S. proposal and to urge that British reply be expedited; also to state that Italy has adhered to original proposals. (Instructions to repeat last statement to Paris.)	923

CHINA

TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, ETC.—Continued

Date and number	Subject	Page
1922 Oct. 26 (156)	*To the Ambassador in Italy (tel.)* Instructions to inform Foreign Office that Japan and France have concurred in U. S. proposal.	924
Oct. 26 (126)	*To the Ambassador in Japan (tel.)* Instructions to advise Foreign Office of Italian concurrence in original proposal, also that France concurs in proposal to terminate international control October 31.	924
Oct. 27	*From the President of the Technical Board (tel.)* Comments on Japan's instructions to its representative on Technical Board; disapproval of point 4 on ground that expenditure of Allied funds was to be charged against future Russian Government.	924
Oct. 27 (253)	*To the Minister in China (tel.)* Note to be addressed to Foreign Office on October 31 (text printed) in regard to termination of inter-Allied control of railway, quoting resolutions of Washington Conference. Understanding that similar notes will be presented by British, French, Japanese, and Italian colleagues. (Instructions to repeat to Stevens and consul at Vladivostok, with instructions for winding up affairs of two organizations, and to repeat to Tokyo for information of Foreign Office.)	925
Oct. 27 (341)	*To the Ambassador in France (tel.)* Instructions to advise Foreign Office, informally, that U. S. representatives on Inter-Allied Committee and Technical Board have been notified to arrange with their colleagues for cessation of activities; also that Minister in China has been instructed to present note confirming resolutions regarding Chinese Eastern, to Chinese Foreign Office on October 31. Expression of hope that similar instructions will be given French representatives. (Instructions to repeat to London and Rome for similar action.)	927
Oct. 30 (129)	*To the Ambassador in Japan (tel.)* Approval of certain of Japan's instructions to its representative on Technical Board; intention to submit observations on point 4, which is believed to require further discussion.	927
Oct. 31 (432)	*From the Minister in China (tel.)* Presentation of U. S. note to Foreign Office. Information that notes of similar purport have been presented by British, French, and Japanese Legations, and that Italian Legation is awaiting instructions.	928
Nov. 1	*From the President of the Technical Board (tel.)* Termination of Technical Board and Inter-Allied Committee.	928
Nov. 7 (134)	*To the Ambassador in Japan (tel.)* Desire to await Stevens' arrival in Washington before giving consideration to point 4 of Japan's instructions to its representative on Technical Board.	928
Nov. 9 (190)	*From the Ambassador in Japan (tel.)* No objections on part of Japan to delay pending Stevens' arrival in Washington.	929

CHINA

TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, ETC.—Continued

Date and number	Subject	Page
1922 Nov. 17 (229)	*From the Chargé in Italy (tel.)* Italy's adherence to program of action proposed by the United States and instructions to Minister in China to act accordingly.	929
Nov. 23	*From the Former President of the Technical Board (tel.)* Stevens' departure for Peking en route to the United States.	929
Nov. 27 (1176)	*From the Minister in China* Chinese reply, November 25 (text printed) explaining improved condition and operation of railway and extent of China's responsibilities, in absence of formally recognized Russian Government.	929
Dec. 20	*Memorandum by Mr. Douglas Jenkins of the Division of Russian Affairs, Department of State* Summary of declarations and notes from Soviet regime to China, with particular reference to the status of the Chinese Eastern.	931

AMERICAN AND BRITISH GOOD OFFICES IN THE NEGOTIATION OF THE SHANTUNG TREATY BETWEEN CHINA AND JAPAN, SIGNED AT WASHINGTON FEBRUARY 4, 1922

1921 Nov. 25 (303)	*To the Minister in China (tel.)* Consultations of Secretary and Balfour with Kato and Sze, separately, on inexpediency of China's presenting Shantung question to Washington Conference; desirability of resuming negotiations at Washington between representatives of China and Japan; offer of good offices. Instructions to impress upon Foreign Minister, opinion of Secretary and Balfour that negotiations should be resumed at Washington.	934
Nov. 27 (423)	*From the Minister in China (tel.)* China's willingness to renew discussions with Japan, collaterally with Washington Conference, if they could be initiated without sacrificing Chinese self-respect and dignity.	935
Nov. 30 (206)	*To the Ambassador in Japan (tel.)* Arrangements for meeting with representatives of China and Japan on December 1 to initiate discussions on Shantung question; intention of Secretary and Balfour to convene meeting and offer good offices.	937
Dec. 21 (220)	*To the Ambassador in Japan (tel.)* Japanese proposal that China pay for Japanese interest in railway by long-term loan from Japanese financiers and that railway employ Japanese technical experts. Chinese counter-proposal for payment by Chinese treasury notes and for employment of but one Japanese expert. Suspension of discussions on December 20 to enable Japanese delegation to consult Government. (Instructions to repeat to Peking for information.)	937
Dec. 26 (435)	*From the Ambassador in Japan (tel.)* Japan's willingness to support delegation's proposal that railway be paid for by Japanese long-term loan and instructions to delegation in that sense.	938

CHINA

AMERICAN AND BRITISH GOOD OFFICES IN THE NEGOTIATION OF THE SHANTUNG TREATY BETWEEN CHINA AND JAPAN, ETC.—Continued

Date and number	Subject	Page
1921 Dec. 28	*From the Chinese Minister* Attention called to Japan's delay in resuming negotiations.	939
1922 Jan. 14 (4)	*From the Ambassador in Japan (tel.)* Japan's insistence that only means by which China may buy railway must be with money obtained by loan made by Japanese bankers, who will take lien on railway as security.	939
Jan. 16 (16)	*From the Minister in China (tel.)* China's receipt of the alternative proposals made by the British and U. S. observers at the discussions. Foreign Minister's choice of proposals, barring the one contemplating a loan from Japanese bankers.	940
Jan. 22 (10)	*To the Minister in China (tel.)* Information concerning best terms China can hope to obtain from Japan on method of payment for railway, term of financial transaction involved, and degree of administrative supervision. Instructions to impress upon Foreign Minister conviction that arrangement is Japan's final limit and that China must accept it as the only means of reestablishing herself in Shantung. (Instructions to repeat to Toyko for information.)	941
Jan. 24 (23)	*From the Minister in China (tel.)* Expectation of favorable action.	944
Jan. 25 (15)	*To the Minister in China (tel.)* Chinese Minister's interview with President Harding, who affirmed that it would be colossal blunder in statecraft for China to refuse this opportunity for settlement of Shantung question as the alternative might involve a risk of losing the Province.	945
Jan. 26 (28)	*From the Minister in China (tel.)* British urgent representations to China in favor of proposed Shantung settlement. China's draft of instructions to its delegates.	945
Jan. 27 (31)	*From the Minister in China (tel.)* Assurance of settlement of Shantung question, instructions having been telegraphed to Chinese delegation at Washington.	947
Jan. 31	*From the Japanese Ambassador* Expression of appreciation of good offices of Secretary and Balfour in effecting Shantung agreement; transmission of substance of terms agreed upon.	947
Feb. 1	*From the Chinese Minister* Expression of appreciation of good offices of Secretary and Balfour in effecting Shantung agreement; transmission of substance of terms agreed upon.	947
Feb. 4	*To the Chinese Minister* Congratulations on successful conclusion of treaty and expression of thanks for receipt of substance of terms agreed upon in time to permit them to be recorded by the conference. (Same, in substance, to Japanese Ambassador.)	948

CHINA

AMERICAN AND BRITISH GOOD OFFICES IN THE NEGOTIATION OF THE SHANTUNG TREATY BETWEEN CHINA AND JAPAN, ETC.—Continued

Date and number	Subject	Page
1922 Feb. 4	*Treaty between Japan and China* For the settlement of outstanding questions relative to Shantung.	948
Feb. 11	*From Mr. V. K. Wellington Koo, of the Chinese Delegation, Conference on the Limitation of Armament* Agreed terms of understanding recorded in the minutes of the Chinese and Japanese delegations, February 4 (text printed) concerning conclusion of treaty for settlement of outstanding questions relative to Shantung.	957
Feb. 15 (84)	*To the Minister in China* Record of Shantung negotiations for information of Minister and for files of Legation; expression of appreciation of Minister's assistance; alternative proposals as suggested by British and U. S. observers during discussions (text printed). (Sent also to Ambassador at Tokyo.)	960
May 8 (207)	*From the Ambassador in Japan* Foreign Office statement, May 8 (text printed) announcing completion of withdrawal of Japanese troops from Shantung Railway Zone on May 5.	967
Dec. 4 (430)	*From the Chargé in Japan* Foreign Office statement, December 2 (text printed) regarding agreement covering details of retrocession of Leased Territory of Kiaochow to China.	967
Dec. 6 (217)	*From the Chargé in Japan (tel.)* Foreign Office statement, December 6 (text printed) announcing signature on December 5 of detailed agreement regarding amount of compensation for railway and date of transfer to China, marking completion of arrangements for restitution of Shantung.	970

CHINESE ADMINISTRATION OF FORMER GERMAN AND AUSTRIAN CONCESSIONS AT TIENTSIN AND HANKOW

1921 May 6 (1168)	*From the Minister in China* Request for instructions as to length to which Legation may go in joining other nationalities in pressing for creation of effective municipal government in ex-German and ex-Austrian concessions at Tientsin and Hankow.	970
1922 Jan. 25 (68)	*To the Minister in China* Instructions to limit activities to protection of existing U. S. property rights and to rights of U. S. citizens, under treaties, to lease and hold land at ports open to international trade, ex-German and ex-Austrian concessions at Tientsin and Hankow having been restored to sovereignty of China.	972

COLOMBIA

EXCHANGE OF RATIFICATIONS OF THE TREATY OF APRIL 6, 1914, BETWEEN THE UNITED STATES AND COLOMBIA

Date and number	Subject	Page
1922 Jan. 6 (1)	*From the Minister in Colombia (tel.)* Colombia's desire to effect exchange of ratifications of treaty of April 6, 1914, incorporating in protocol of exchange a statement (text printed) as interpretation of U. S. Senate resolution denying to Colombia free passage of ships, troops, etc., through Panama Canal in event of war between Colombia and another country. Request that exchange instruments of ratification be forwarded.	974
Jan. 17 (478)	*To the Minister in Colombia* Instructions as to procedure in exchange of ratifications, instruments thereof being forwarded by pouch with the President's full power to effect exchange and to sign protocol, which incorporates Colombian statement.	975
Mar. 1	*From the Colombian Minister of Foreign Affairs (tel.)* Notification that exchange of ratifications of treaty of April 6, 1914, has been effected.	976
Mar. 1	*Treaty between the United States and Colombia, Signed at Bogotá April 6, 1914, as amended, and Protocol of Exchange of Ratifications, March 1, 1922* To restore cordial friendship between the two countries and to define and regulate their rights and interests in respect to the Isthmus of Panama.	976

COSTA RICA

EXTRADITION TREATY BETWEEN THE UNITED STATES AND COSTA RICA, SIGNED NOVEMBER 10, 1922

1921 May 27 (27)	*To the Chargé in Costa Rica* Instructions to ascertain whether Costa Rica will resume negotiations with the United States with a view to concluding a treaty of extradition.	980
July 14 (35)	*To the Chargé in Costa Rica* Transmittal of copies of extradition treaty between United States and Spain as sample of acceptable form of treaty, message of Costa Rica's willingness to open negotiations having been received.	980
Oct. 27 (230)	*From the Chargé in Costa Rica* Partial translation of draft treaty submitted by Foreign Minister (text printed) showing departures from model treaty with Spain; his objections particularly to death penalty as applied to criminals extradited. Chargé's representations.	981
Oct. 29 (231)	*From the Chargé in Costa Rica* Foreign Minister's withdrawal of amendment regarding death penalty, requesting that other amendments be submitted to Department.	984
Nov. 30 (53)	*To the Chargé in Costa Rica* Transmittal of full powers to conclude formal treaty, amendments having been accepted with certain exceptions enumerated.	984

COSTA RICA

EXTRADITION TREATY BETWEEN THE UNITED STATES AND COSTA RICA, SIGNED NOVEMBER 10, 1922—Continued

Date and number	Subject	Page
1922		
Jan. 21 (146)	*From the Chargé in Costa Rica (tel.)* Signing of extradition treaty by U. S. Chargé and Foreign Minister.	985
June 15 (51)	*From the Minister in Costa Rica* Vote of Congress to modify treaty so as to make it impossible to inflict death penalty in cases of extradition; decree of ratification in modified form.	985
Aug. 22 (91)	*To the Minister in Costa Rica* U. S. inability to agree to modification as indicated in decree of ratification; willingness, however, to effect such modification in exchange of notes.	986
Oct. 18 (61)	*From the Minister in Costa Rica (tel.)* Doubt whether treaty can be resubmitted to Congress under Costa Rican laws. Request for instructions as to procedure for ratification and exchange of notes, also for full powers in case new convention is required.	987
Oct. 23 (18)	*To the Minister in Costa Rica (tel.)* Instructions as to procedure for ratification and exchange of notes, full powers being sent to sign new convention, if required.	987
Nov. 10	*Treaty between the United States and Costa Rica* Providing for extradition.	988
Nov. 10 (333 B)	*The Costa Rican Minister for Foreign Affairs to the American Minister* Understanding as to U. S. assurance that death penalty will not be enforced against criminals delivered by Costa Rica to the United States under extradition treaty, such assurance forming part of treaty.	994
Nov. 10 (63)	*The American Minister to the Costa Rican Minister for Foreign Affairs* Assurance that death penalty will not be enforced against criminals delivered by Costa Rica to the United States for any crimes enumerated in extradition treaty, such assurance to form part of treaty.	994
1923		
Feb. 7	*To President Harding* Return of extradition treaty for reconsideration by Congress because of failure to affirm notes exchanged regarding death penalty, which are to form part of treaty and to be mentioned in ratifications.	995
Feb. 8	*Resolution of the Senate of the United States Advising Ratification of the Extradition Treaty with Costa Rica* Advising ratification and stipulating that death penalty will not be enforced, such agreement to form part of treaty.	995
Feb. 9	*From the Chairman of the Senate Committee on Foreign Relations* Reconsideration of vote of ratification; treaty again ratified together with notes which had been overlooked in previous action.	996

COSTA RICA

REPRESENTATIONS BY THE UNITED STATES TO COSTA RICA DEPRECATING ARBITRARY CANCELATION OF THE COSTA RICA OIL CORPORATION'S CONTRACT

Date and number	Subject	Page
1922 Jan. 4 (274)	*From the Chargé in Costa Rica* Present status of controversy between Government and Costa Rica Oil Corporation.	996
Apr. 29 (15)	*From the Minister in Costa Rica (tel.)* Plans of President to cancel contract of Costa Rica Oil Corporation by Executive decree. Corporation's claim that forfeiture can be declared only after contractor is heard in his own defense.	998
May 5 (7)	*To the Minister in Costa Rica (tel.)* Instructions to make representations to Costa Rica regarding proposed cancelation of contract, if corporation so desires.	998
May 8 (18)	*From the Minister in Costa Rica (tel.)* Report that corporation representative hesitates to request representations because contract stipulates that contractor cannot revert to diplomatic channels.	999
May 13 (8)	*To the Minister in Costa Rica (tel.)* Authorization to make representations in accordance with Department's telegram no. 7, May 5.	999
May 16 (23)	*From the Minister in Costa Rica (tel.)* Note from Minister of Public Works to Wilson, local manager of corporation, enumerating reasons for canceling contract, granting, however, hearing within 6 days. Impossibility of Wilson's being present.	999
June 13 (81)	*To the Minister in Costa Rica* Instructions to inform Foreign Office, after consultation with corporation representative, of U. S. conviction that contract has not been evaded or violated; that matter of exploiting oil deposits should be subjected to arbitration of experts under article 14 of contract; and that authorities have needlessly harassed the corporation.	1000
July 12 (66)	*From the Minister in Costa Rica* Presentation of representations. Unofficial information that Government will attempt to argue the matter, in the meantime seeking a compromise with the corporation. Opinion that corporation would gain in public confidence and place itself beyond unwarranted attacks by additional activity in drilling operations.	1002

CUBA

PROPOSALS BY GENERAL CROWDER FOR ADMINISTRATIVE AND FISCAL REFORM AND THEIR ACCEPTANCE BY PRESIDENT ZAYAS—MEASURES PROVIDING FOR AN EXTERNAL LOAN OF $50,000,000

1922 Jan. 3 (1)	*From the Representative on Special Mission in Cuba (tel.)* Withdrawal of objections to advance loan of 5 million dollars to Cuba, in view of readjustment of annual budget reducing current expenses.	1004
Jan. 14	*To the Cuban Minister* Sanction of advance loan of 5 million dollars, with explanation that such sanction does not necessarily entail U. S. approval of 50-million-dollar loan.	1005

CUBA

PROPOSALS BY GENERAL CROWDER FOR ADMINISTRATIVE AND FISCAL REFORM AND THEIR ACCEPTANCE BY PRESIDENT ZAYAS, ETC.—Continued

Date and number	Subject	Page
1922 Jan. 21	*To the Representative on Special Mission in Cuba, temporarily in the United States* Note to be presented to President Zayas (text printed) redefining relations under treaty of 1903 and emphasizing duties of Representative on Special Mission under article 2 of treaty, in view of financial situation which infringes article 2.	1006
Feb. 24	*From the Representative on Special Mission in Cuba* Draft of President Zayas' reply to Secretary, February 21 (text printed) expressing accord in principle but dissenting from view as to infringing article 2 of treaty; Crowder's memorandum to Zayas, February 24 (text printed) reiterating contention that Cuba under treaty agreed not to contract any public debt unless ordinary revenues were sufficient to service public debt and defray current expenses.	1009
Feb. 25	*From the Representative on Special Mission in Cuba* Bankers' scheme for examination and statement of Cuban national finances and for new system of public accounting. Request for U. S. views on scheme and desirability of supporting it.	1014
Mar. 15 (18)	*From the Representative on Special Mission in Cuba (tel.)* Inquiry whether bankers' scheme for examination and statement of Cuban national finances should be taken up with Morrow, representative in Cuba of Morgan & Co.; reminder that no national audit and statement by Cuban Government will command confidence.	1015
Mar. 16 (16)	*To the Representative on Special Mission in Cuba (tel.)* Approval of discussion with Morrow and President Zayas of scheme for examination and statement of national finances and for new system of public accounting, deemed necessary for securing permanent loan.	1016
Mar. 25	*From the Representative on Special Mission in Cuba* Decision to defer exhaustive audit in view of official audit now in progress; intention to submit for approval of Department certain demands upon Zayas administration for specific reforms as regards national lottery, contractual indebtedness of Public Works, etc., suggesting ultimatum.	1016
Apr. 5	*From the Representative on Special Mission in Cuba* Submission, for U. S. approval, of memorandum to President Zayas criticizing failure of Cuban Congress to enact annual budgets; intention to submit second memorandum outlining President's duties in framing budget and listing specific reforms.	1018
Apr. 8 (21)	*From the Representative on Special Mission in Cuba (tel.)* Proposed second memorandum to President Zayas, containing concluding paragraph (text printed) intimating that failure of reform legislation would force consideration of U. S. intervention.	1019
Apr. 9	*From the Representative on Special Mission in Cuba* Transmission of his second memorandum, together with a working summary of both memoranda.	1020

CUBA

PROPOSALS BY GENERAL CROWDER FOR ADMINISTRATIVE AND FISCAL REFORM AND THEIR ACCEPTANCE BY PRESIDENT ZAYAS, ETC.—Continued

Date and number	Subject	Page
1922 Apr. 10	*From the Chief of the Division of Latin American Affairs, Department of State* Comments on Crowder's memoranda. View that contemplated reforms are necessary, but point not reached justifying threat of intervention.	1022
Apr. 11 (24)	*To the Representative on Special Mission in Cuba (tel.)* Approval of presentation of memoranda as outlined except last paragraph of second memorandum, for which substitute is supplied (text printed) containing no threat of intervention.	1023
Apr. 21	*From the Representative on Special Mission in Cuba* Presentation to President Zayas of memoranda as approved and revised by Department. Passage of amnesty bill by Senate. Submission, for U. S. approval, of memorandum on subject of graft, corruption, and immorality in public administration, to be followed by one on reform of national lottery. Comments and request that warnings to administration be given.	1024
May 4	*From the Representative on Special Mission in Cuba* Submission of memorandum on reform of national lottery, which reform was once endorsed by President Zayas but regarding which no action has ever been taken. Need of external support for remedial measures.	1025
May 13 (30)	*To the Representative on Special Mission in Cuba (tel.)* Authorization to present to President Zayas memorandum regarding lottery, avoiding intimation of threat or insistent demand, and calling attention to President's commitment on subject.	1026
May 19 (28)	*From the Representative on Special Mission in Cuba (tel.)* Message to Castillo, liaison officer (text printed) to stress, in interview with Secretary Hughes, difficulties in way of securing compliance with reforms recommended in memoranda and failure to secure dependable national audit or statement as to deficit.	1027
May 20 (29)	*From the Representative on Special Mission in Cuba (tel.)* Points suggested for discussion in coming interview between Secretary Hughes and Castillo; namely, failure of President Zayas to carry out reforms, necessity for large foreign loan, and renewed agitation for President Zayas' resignation.	1027
May 28 (30)	*From the Representative on Special Mission in Cuba (tel.)* President Zayas' contemplation of establishing a budget himself in accord with the United States, in view of inaction of Congress. Suggestion that President Zayas be notified through Cuban Minister at Washington that he is expected to take immediate steps in line with recommendations.	1029
Undated	*Memorandum by the Secretary of State of a Conversation with the Cuban Minister, May 29, 1922* Secretary's request that President Zayas be informed that U. S. Government fully supports General Crowder's recommendations and that he be impressed with the seriousness of the situation and the necessity of radical reforms.	1030

CUBA

PROPOSALS BY GENERAL CROWDER FOR ADMINISTRATIVE AND FISCAL REFORM AND THEIR ACCEPTANCE BY PRESIDENT ZAYAS, ETC.—Continued

Date and number	Subject	Page
1922		
June 9 (31)	*From the Representative on Special Mission in Cuba (tel.)* Conferences with President Zayas, who agreed to reforms in national lottery and change of Cabinet.	1030
June 12	*From the Representative on Special Mission in Cuba* Crowder's participation in selection of new Cabinet, in preparation of decree reforming the lottery, and in formulation of tax bill. Lack of cooperation on part of Congress.	1032
June 14 (33)	*From the Representative on Special Mission in Cuba (tel.)* Representations to President Zayas (text printed) against his list of eligibles for Cabinet, with assertion that moralization of public administration is supreme issue and can be accomplished only by appointment of best men in Cuba.	1033
June 26 (40)	*From the Representative on Special Mission in Cuba (tel.)* Conference with new Secretaries of Treasury and Public Works to whom was submitted substitute for President Zayas' draft of lottery decree.	1034
June 30 (41)	*From the Representative on Special Mission in Cuba (tel.)* Report of signing by President Zayas of lottery decree as drafted by Crowder and replacement of President Zayas' relatives by responsible officials; anticipation of storm of opposition.	1035
July 5 (39)	*To the Representative on Special Mission in Cuba (tel.)* Commendation for way in which negotiations have been handled.	1036
Aug. 21 (51)	*From the Representative on Special Mission in Cuba (tel.)* Suggested public statement by Secretary Hughes (text printed) recommending a five-point program of legislative measures for reconstruction and reform of national administration. (Footnote: Information that statement was issued to press on August 23.)	1036
Sept. 1 (54)	*From the Representative on Special Mission in Cuba (tel.)* Lack of progress in Congress in reaching decision on five-point legislative program; Crowder's statement that he would wait ten days longer for decision of Congress, then report to his Government, which statement has been termed an ultimatum.	1037
Sept. 2 (60)	*To the Representative on Special Mission in Cuba (tel.)* Department's public denial that formal ultimatum has been given to Cuba. Instructions to Crowder to avoid statements which can be so construed.	1038
Sept. 5 (58)	*From the Representative on Special Mission in Cuba (tel.)* Bill introduced in lower House by Ferrara to avoid public loan and pay off obligations with interest-bearing certificates of indebtedness to be met by new taxes and economies. Inadequacy of measure. Assumption that certificate will require U. S. sanction.	1038

CUBA

PROPOSALS BY GENERAL CROWDER FOR ADMINISTRATIVE AND FISCAL REFORM AND THEIR ACCEPTANCE BY PRESIDENT ZAYAS, ETC.—Continued

Date and number	Subject	Page
1922 Sept. 6 (61)	*To the Representative on Special Mission in Cuba (tel.)* Uncertainty whether Cuban revenues, after defraying current expenses of Government, are adequate for service of interest-bearing certificates. Inquiry as to accuracy of report of 2-million-dollar balance in Treasury for July and August, in excess of budget obligations.	1039
Sept. 7 (59)	*From the Representative on Special Mission in Cuba (tel.)* Balance of $527,000 in Treasury for July and August in excess of budget obligations.	1040
Sept. 11 (61)	*From the Representative on Special Mission in Cuba (tel.)* Official decision that proposed interest-bearing certificates would increase public debt and require U. S. sanction. Crowder's submission of four objections to Ferrara bill in conference of officials.	1040
Sept. 13 (63)	*From the Representative on Special Mission in Cuba (tel.)* Opposition in Cuban Congress to five-point legislative program; possible Presidential veto of two of the bills because of vicious amendments.	1041
Sept. 14 (62)	*To the Representative on Special Mission in Cuba (tel.)* Public statement by Department (text printed) deploring opposition of Cuban Congress to reform program deemed necessary for stamping out corruption and securing Cuban prosperity.	1042
Sept. 28	*From the Acting Chief of the Division of Latin American Affairs, Department of State* Crowder's message stating loan has passed lower House and quick action on this and reform bills is expected.	1042
Oct. 10	*From the Acting Chief of the Division of Latin American Affairs, Department of State* Crowder's desire to come to Washington to confer on Cuban situation. His report that amnesty bill which has passed Senate would upset whole program of reform. Waiving by Morgan & Co. of any special rights regarding larger loan.	1043
Oct. 18	*From the Cuban Chargé* Passage of law authorizing issue of bonds for exterior loan of 50 million dollars; details as regards terms and security based on ordinary revenue and special sales taxes. Formal application for U.S. approval of loan in accordance with provisions of article 2 of treaty of 1903.	1044
Oct. 21	*From the Representative on Special Mission in Cuba, temporarily in the United States* Comments on Cuban note of October 18 making formal application for approval of 50-million-dollar loan.	1046
Oct. 24 (72)	*From the Representative on Special Mission in Cuba (tel.)* President Zayas' desire for services of Harding, Governor of U.S. Federal Reserve Board, in connection with projected audit, if loan is approved.	1047
Oct. 28 (73)	*To the Representative on Special Mission in Cuba (tel.)* Harding's arrangements to proceed to Habana.	1047

CUBA

Proposals by General Crowder for Administrative and Fiscal Reform and Their Acceptance by President Zayas, etc.—Continued

Date and number	Subject	Page
1922		
Nov. 1	*To the Cuban Chargé* No objections to contemplated loan, provided Government confirms statement that sufficient funds will be supplied from ordinary revenues if taxes allocated to cover service prove insufficient.	1047
Nov. 2	*To the Representative on Special Mission in Cuba* Information that Lee, Higginson & Co. are desirous of bidding on Cuban loan and are making inquiries as to form of bond to be executed. Request for information.	1048
Nov. 3	*From the Cuban Chargé* Assurances that taxes allocated to cover service of new loan are deemed sufficient, but if they prove inadequate additional funds from ordinary revenues will be pledged.	1049
Nov. 4	*To the Cuban Chargé* No objections to loan in view of assurances given.	1049
Nov. 8 (75)	*From the Representative on Special Mission in Cuba (tel.)* President Zayas' illness, preventing arrangement of terms on which loan will be offered to public.	1050
Nov. 9 (80)	*To the Representative on Special Mission in Cuba (tel.)* Instructions to telegraph manner in which loan will be negotiated, since Lee, Higginson & Co. and others may be present if there is competitive bidding.	1050
Nov. 10 (76)	*From the Representative on Special Mission in Cuba (tel.)* President Zayas' invitation to Morrow of Morgan & Co. to advise Government as to terms and conditions upon which loan should be offered. Morrow's proposals that President make terms subject to U. S. approval. Presence of competitors in bidding.	1050
1923		
Jan. 13 (5)	*From the Representative on Special Mission in Cuba (tel.)* Presidential resolution awarding loan to Morgan & Co.	1052

Withdrawal of United States Marines From Camaguey

1921		
Dec. 9 (185)	*To the Representative on Special Mission in Cuba (tel.)* Instructions to cable opinion whether presence of U. S. marines in Province of Camaguey is still necessary, in view of Cuba's desire that they be withdrawn.	1052
1922		
Jan. 24	*To the Secretary of the Navy* Request that Marine Corps garrison at Camaguey be withdrawn since local conditions no longer require their presence.	1052
Jan. 26	*From the Secretary of the Navy* Information that orders will be issued immediately for withdrawal of Marine Corps garrison at Camaguey.	1053

GENERAL

CONFERENCE ON THE LIMITATION OF ARMAMENT, WASHINGTON, NOVEMBER 12, 1921–FEBRUARY 6, 1922 [1]

The Four-Power Treaty Relating to Insular Possessions and Insular Dominions in the Region of the Pacific Ocean

500.A4a/162

Memorandum, in Outline Form, by the Secretary of State of a Conversation with Mr. Balfour, of the British Delegation, November 11, 1921

1. Balfour describes state of sentiment as to Anglo-Japanese Alliance [2]—
   a. American sentiment
   disadvantage—*con.*
   b. Japanese sense of dignity—
   Control of Japanese action—
   Sense of security of Dominions
   pro
2. Balfour says he must see Japanese delegates. Must have policy. If Alliance not to be continued, what is substitute? Tripartite agreement?
3. Balfour says he has sketched two memoranda of agreements [3]—
   Not under instructions of British Government—wholly personal
C. E. H. sketches situation
   1. State of American sentiment—
   2. Importance of cooperation—
   3. No hostility to Japan—friendship
   4. No opposition to natural and legitimate economic opportunities for Japan.
   5. Progress to settlement Shantung [4]—can be settled
Misapprehension as to Japan's need of expansion—
   Balfour agrees
Economic opportunity *vs.* political control
   Balfour agrees

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[1] The minutes of the plenary sessions and of the committees are printed in *Conference on the Limitation of Armament, Washington, November 12, 1921–February 6, 1922* (Washington, Government Printing Office, 1922). The minutes of the subcommittees are printed in *Conference on the Limitation of Armament, Subcommittees, Washington, November 12, 1921–February 6, 1922* (Washington, Government Printing Office, 1922). Papers relating to the preliminary arrangements for the Conference are printed in *Foreign Relations*, 1921, vol. I, pp. 18 ff.

[2] For correspondence concerning U. S. interest in renewal of alliance, see *Foreign Relations*, 1921, vol. II, pp. 313 ff.

[3] For the first, see memorandum *infra;* for the second, see p. 271.

[4] See pp. 934 ff.

R. R. situation in Manchuria
Balfour says established—
Hughes draws distinction between Railroad as artery of Commerce and political agency
Discrimination
Balfour says British merchants cannot give instances but results show it exists
Special Interests—Lansing-Ishii Agreement [4a]
Hughes defines
Balfour agrees
Secret Treaties—Balfour says not known to Great Britain
Balfour agrees no overlordship—no protectorate
Says willing to leave out "special interests."
Question of Administrative Integrity. Customs
Balfour directed attention to his drafts
Hughes requested opportunity to consider—
Balfour agrees
Hughes noted preliminarily in general
1. Avoid description as treaty
Balfour changed to arrangement—
Might or might not be treaty
2. Definitive statement preferred—
Root-Takahira agreement [5]
"Coin to be re-issued"—
Agree on applications
Substitute for all prior statements and agreements relating to matters in view.
a. Anglo-Japanese Alliance
b. Root-Takahira Agreement
c. Lansing-Ishii Agreement
Spheres of Influence
Interests defined

500.A4a/162

Memorandum by Mr. Balfour, of the British Delegation [6]

I am disposed to think that our Far Eastern Arrangements should be embodied in two ~~Treaties~~ *arrangements* rather than in

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[4a] *Foreign Relations*, 1917, p. 264; for cancelation of agreement, see vol. II, pp. 591 ff.

[5] *Ibid.*, 1908, p. 510.

[6] Handed to the Secretary of State by Mr. Balfour, Nov. 11, 1921.
The memorandum bears corrections in Mr. Balfour's handwriting. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*. In a marginal note he says: "The word 'arrangement' as used in this informal and tentative document is deliberately vague."

one. The first of these would deal with the preservation of peace and the maintenance of the territorial status quo: it would be tripartite and would replace the existing Anglo-Japanese Alliance. The second would deal with China.[7]

The following is a sketch of a possible Tripartite Arrangement:—

With the object of maintaining the general peace in the regions of Eastern Asia and of protecting the existing territorial rights of the High Contracting Parties in the islands of the Pacific Ocean and the territories bordering thereon:—

It is agreed—

I

That each of the High Contracting Parties shall respect such rights themselves and shall consult fully and frankly with each other as to the best means of protecting them whenever in the opinion of any of them they are imperilled by the action of another Power.

II

If in the future the territorial rights (referred to in Article I) of any of the High Contracting Parties are threatened by any other Power or combination of Powers, any two of the High Contracting Parties shall be at liberty to protect themselves by entering into a military ~~alliance~~ *arrangement* provided (a) this ~~alliance~~ *arrangement* is purely defensive in character and (b) that it is communicated to the other High Contracting Party.

III

This ~~Treaty~~ *arrangement* shall supersede any ~~Treaty~~ *arrangement* of earlier date dealing with the defence of territorial rights in the regions to which this Treaty refers.

500.A4b/½

Memorandum by the Secretary of State of a Conversation with the Counselor of the Japanese Embassy (Saburi), November 26, 1921

Mr. Saburi said that he had been instructed by Baron Shidehara[8] to give to the Secretary a memorandum with respect to the Anglo-Japanese Alliance. He said that Baron Shidehara had not received instructions from his government with regard to the memorandum and that it represented a personal view in the light of what had been said to him by Mr. Balfour. Mr. Saburi added that Baron Shidehara had shown it to the other members of the Japanese Delegation and that while they had not received instructions from the

[7] See pp. 271 ff.

[8] Japanese Ambassador and member of the Japanese delegation.

Japanese Government regarding it they were personally in accord with the memorandum.

Mr. Saburi said that he had just shown it to Mr. Balfour, who had made certain suggested changes upon a copy. Both Baron Shidehara's memorandum and the copy with Mr. Balfour's notations were handed to the Secretary.[9] Mr. Saburi said that Baron Shidehara was communicating with his government and would let the Secretary know as soon as he received instructions regarding the matter but in the meantime he desired the Secretary to have an opportunity to consider it.

500.A4a/162

Draft by Ambassador Shidehara, of the Japanese Delegation, of an Arrangement between Japan, the United States of America, and the British Empire [10]

I

If, in the future, the territorial rights or vital interests of any of the High Contracting Parties in the regions of the Pacific Ocean and of the Far East should be threatened either by the aggressive action of any third Power or Powers, or by a turn of events which may occur in those regions, the High Contracting Parties shall communicate with one another fully and frankly, in order to arrive at an understanding as to the most efficient measures to be taken, jointly or separately, to meet the exigencies of the particular situation.

II

If, in matters affecting regions aforesaid, there should develop between any two of the High Contracting Parties controversies which are likely to affect the relations of harmonious accord now happily subsisting between them, it shall be open to such Contracting Parties, in mutual agreement with each other, to invite the other Contracting Party to a joint conference, to which the whole subject matter will be referred for consideration and adjustment.

III

The present Agreement shall supersede the Agreement of Alliance hitherto in force between Japan and Great Britain.

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[9] The memorandum referred to may be the draft arrangement *infra*. The copy with Mr. Balfour's notations has not been found.

[10] Undated; see memorandum by the Secretary of State, *supra*.

500.A4b/547½ Secret

Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Department of State, December 2, 1921, 5:30 p. m. to 7:30 p. m.[10a]

[Extract [11]]

PRESENT:—
Mr. Hughes
Mr. Balfour
Baron Kato
Sir Maurice Hankey and Mr. . . . .
(Japanese interpreter) were also present.

. . . . . .

Mr. HUGHES then asked Baron Kato if he could say anything as to the attitude of the Japanese Delegation towards the proposed quadruple entente.[12] Not a word had been said up to the present time to France about it, but he would like to be in a position in the next few days, if possible, to approach the French Delegation.

Baron KATO said that he had telegraphed to Japan on the subject but had not yet received a reply. The Japanese Delegation in Washington, however, were perfectly satisfied with the proposal and he had no reason to believe that his Government would take any different view. He even indicated that it would be reasonably safe to approach the French Delegation in the matter.

Mr. HUGHES said, however, that he was very reluctant to do this owing to the embarrassing situation in which all would be placed if by any chance the Japanese Government should subsequently raise any objection.

Baron KATO then undertook to telegraph to Japan asking them to expedite a reply.

. . . . . .

500.A4a/162

Memorandum by the Secretary of State of a Conversation with Senator Schanzer, of the Italian Delegation, December 3, 1921

Senator SCHANZER called to say that he had noted in the press a report that a quadruple agreement was under consideration between the United States, Great Britain, France and Japan; that

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[10a] No agreed official minutes of this conversation were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

[11] Memorandum printed in full on p. 75.

[12] For the statement of Secretary Hughes that it was he who had proposed that France be included in the treaty, see letter of Dec. 29, 1921, to Mr. Simonds, p. 40.

Italy desired very much to be associated with an agreement which related to matters in the Far East; that it was true that she did not have territorial interests there but that she had been invited to the Conference and had sent her representatives and felt that it would be unfortunate if she were omitted in an agreement that was made relating to these questions.

The SECRETARY said that he was not at liberty to state at this time what was in contemplation; that he would say to Senator Schanzer in the strictest confidence that any agreement which might be thought of between the United States, Great Britain, France and Japan exclusively, would have relation to the territorial interests of these countries and not to matters in which Italy had an interest; that if an agreement were made which went beyond territorial interests but dealt generally with policies in China, the Secretary hoped that an opportunity would be given to those participating in the Conference either to become parties to such an agreement or to at least adhere to it; that such an agreement in relation to China would naturally have reference to the "open door" and the principles which had already been adopted; that the distinction between such a general agreement to which various nations might adhere and an agreement which had relation to territorial interests in the East, as, for example, in the islands of the Pacific, in which those only having such interests would be concerned, was quite apparent.

Senator SCHANZER expressed himself as satisfied with the explanation.

Senator Schanzer said that he desired to refer to the subject of land armament; that this was a matter of great importance to Italy; that he hoped that a resolution would be brought forward with respect to it; and that if the American Delegation did not feel at liberty to bring forward such a resolution he hoped that Italy would be given an opportunity to do so; that it was perfectly agreeable to have the United States take the initiative in the matter but that if the United States did not wish to do so Italy would not like to have some other government, such as France, take the initiative rather than Italy herself.

The SECRETARY referred to the difficulties, in relation to land armament, which grew out of the European situation, not alone with respect to the points made by M. Briand, in relation to the feeling of France as to her security,[13] but also with respect to the Soviet Army, and the special apprehensions of certain countries. The Secretary said, however, that he hoped that some expression

[13] See minutes of the third plenary session, Nov. 21, 1921, *Conference on the Limitation of Armament*, pp. 116 ff.

might be made by the Conference upon the subject and that he would be very glad indeed to consult Italy in regard to the matter if it seemed that it was practicable to bring such a resolution forward.

500.A4a/162

Draft by the Secretary of State of an Agreement between the United States of America, the British Empire, France, and Japan[14]

With a view to the preservation of the general peace and the maintenance of their rights with respect to their insular possessions and dominions in the Pacific Ocean, the Signatory Powers agree as follows:

I

They engage as between themselves to respect the said rights, and if there should develop between any two of the High Contracting Parties controversies on any matter in the above-mentioned region which is likely to affect the relations of harmonious accord now happily subsisting between them, they shall invite the other High Contracting Parties to a joint conference to which the whole subject will be referred for consideration and adjustment.

II

If the said rights are threatened by the aggressive action of any other Power, the High Contracting Parties shall communicate with one another fully and frankly in order to arrive at an understanding as to the most efficient measures to be taken, jointly or separately, to meet the exigencies of the particular situation.

III

This agreement shall remain in force for ten years from the time it shall take effect, and after the expiration of said period it shall continue to be in force subject to the right of any of the High Contracting Parties to terminate it upon six months notice.

IV

This agreement shall be ratified as soon as possible in accordance with the constitutional methods of the High Contracting Parties

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[14] Undated; this draft was prepared immediately after word had been received from the Japanese Government that a quadruple agreement would be acceptable (file no. 500.A4a/160).

and shall take effect on the exchange of ratifications, which shall take place at Washington, and thereupon the agreement between Great Britain and Japan, which was concluded at London on July 13, 1911, shall terminate.

500.A4a/162

Memorandum by the Technical Adviser of the American Delegation (Blakeslee) of a Conversation at the Home of the Secretary of State, December 8, 1921, 3 p.m.

PRESENT

AMERICAN DELEGATION	BRITISH DELEGATION
Secretary Hughes	The Rt. Hon. A. J. Balfour
John V. A. MacMurray	Sir Maurice Hankey
George H. Blakeslee	H. W. Malkin

Secretary HUGHES: Secretary Hughes presented the mandate issue, as it affected the pending Four Power Treaty, as follows:

Shortly after he assumed the office of Secretary, he had sent an identic note to the Powers,[16] stating in general terms the American position: The United States, due to its participation in the War, had obtained certain rights in the territories won from the Central Powers as a result of the War, and the fact that it did not ratify the Treaty of Versailles had not divested it of these rights. Favorable replies to this note were made by France and Italy, but none had been received from Great Britain. Somewhat later, in response to the suggestion that the United States should point out changes which it desired in the Mandate, he had sent to the Powers, early in August, a note on this subject, identic except as to the paragraphs dealing with the "C" Mandates, these being included only in the note to Great Britain.[17] In this communication he had suggested that, since the United States was not a member of the League of Nations and therefore had no assurance of equal treatment in the Mandated Territories, it should be given the benefit of the provisions set forth in the Mandates. Further suggestions, as to the "C" Mandates, expressive of the views of the United States, were:

Article 5, in the "C" Mandates, relating to missionaries to embrace nationals of the United States; Article 8 of the British "B" Mandate for East Africa to be inserted, in order to avoid ambiguity as to the educational and charitable activities of missionaries, an

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[16] See telegram no. 61, Apr. 2, 1921, to the Chargé in Japan, *Foreign Relations*, 1921, vol. II, p. 279.

[17] See telegram no. 448, Aug. 4, 1921, to the Ambassador in Great Britain, *ibid.*, p. 106.

assurance to be given to the United States of most favored nation treatment, the special treaty rights of the United States in Samoa under the Convention of 1899 [18] to be reserved; monopolistic concessions to be prohibited or the monopolizing of natural resources by the Mandatory itself; and a provision to be added that, modifications of the Mandate should be subject to the assent of the United States.

As to the islands north of the Equator, he had been carrying on negotiations with Japan, which now were apparently near completion.[19] Since there was in force between the United States and Japan a treaty of commerce and navigation which applied to all Japanese territory,[20] he had asked that this treaty should be recognized as extending to the former German islands now under Japanese administration. Other provisions in the pending Convention with Japan were: The United States to have the benefit of the provisions set forth in the Mandate; Article 5, relating to missionaries, to embrace nationals of the United States; the educational and charitable activities of the missionaries to be safeguarded by the insertion of Article 8 of the British "B" Mandate for East Africa; vested American property rights to be maintained and respected; the administration of the islands by Japan to be subject to the Convention between Japan and the United States; the terms of the Mandate, recited in the Convention, not to be changed without the consent of the United States; and a ~~copy~~ *duplicate* [21] of the annual report made by Japan to the Council of the League of Nations to be sent to the United States. He had also asked that the nationals and vessels of the United States should have free access to the waters of the Islands in question, but this suggestion had later been dropped. Although Japan had not definitely agreed to recognize the validity, in the mandated islands, of its treaties now in force with the United States, he hoped that this recognition would soon be given and that a treaty as outlined would soon be signed.

As to the monopolization of the natural resources of a mandate, to which reference had been made in the note to Great Britain, this issue was largely academic so far as related to the islands administered by Japan, due to the paucity of their economic resources. But as to the islands south of the Equator, the issue was not altogether academic. Further, the United States had no treaty with Australia

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[18] William M. Malloy (ed.), *Treaties, Conventions, etc., between the United States and Other Powers*, 1776–1909 (Washington, Government Printing Office, 1910), vol. II, p. 1595.

[19] For treaty of Feb. 11, 1922, *see* vol. II, p. 600.

[20] Malloy, *Treaties*, 1776–1909, vol. I, p. 1028.

[21] The substitution of the word "duplicate" for "copy", which appeared on the original, was made by Secretary Hughes.

or New Zealand, so that in the islands which they administered it had no assurance of equality of commercial opportunity unless this right should be stipulated in a new treaty.

There was also the pending issue as to the continuing validity of the Samoan Tripartite Convention of 1899. After reading the provision in the Treaty against discrimination as between the signatory Powers, the Secretary said that although Germany's part in the islands had passed, at the close of the war, to the Five Allied and Associated Powers, the United States believed that it had not lost its own rights under the Treaty as against Great Britain. The clause providing against discrimination had been violated by the Samoa Customs Order of 1920, which established a preferential rate of 7½% in favor of British imports. Against this order the United States had protested on the grounds that it violated both the Treaty of 1899 and the general obligations of a mandatory.[22]

The granting of monopolistic concessions and the general monopolization of natural resources in a mandate were topics to be considered in the islands south of the Equator. Reference was made to conditions in Nauru, which had been debated at some length in the British House of Commons. There were also other points raised by certain actions of Australia and New Zealand. If the four Powers should make the proposed agreement regarding the Islands of the Pacific, in which they refer to their respective rights in these islands, each Power surely ought to make clear just what it considered its rights to be. The United States had held that it could not treat of its one-fifth undivided interest in the mandates,—as it was in the habit of regarding it,—otherwise than by treaty. In the whole matter, the utmost candor was needed. Speaking in this spirit, he felt that to straighten out the question of title in the mandates there should be a convention which should secure for the United States equal rights in the mandated islands with the members of the League of Nations, and, further, such reasonable provisions as those regarding the rights of missionaries, the monopolization of the natural resources of the territory, and most favored nation treatment. "We are ready for such a treaty", the Secretary added. But if it was not expedient to proceed at once to the negotiation of a treaty, it would seem advisable to have an exchange of notes, in which Great Britain should take cognizance of the reservations made by the United States as to its rights, as it regarded them, in connection with the Islands in question.

There was a further reason which made a definite statement on this issue highly desirable, if the pending Treaty with Japan should

[22] Correspondence relating to this protest not printed.

be completed as anticipated and presented to the Senate. It would then be apparent that Japan had agreed to many provisions, due to the extension of existing American treaties to the islands, to which Australia and New Zealand would not agree. This situation would naturally raise questions in the Senate, and possibly create difficulty, if the position of the United States should not be made clear in some definite way.

In summary the Secretary said that the situation of the United States was simply this: We are not in the League; the League has granted a mandate to various Powers for various territories; we did not agree to the allocation; we do not now recognize these mandates; we desire no territory for ourselves, nor do we wish to change the allocation of the mandates; we wish simply the same rights as others in these territories, and to be protected against discrimination by appropriate conventions.

Mr. Balfour: He understood perfectly the general situation presented, although in many ways it was complex, especially since Australia and New Zealand were independent in certain respects. The United States had an absolute right to state that the proposed Quadruple Treaty would not affect any rights which it now claimed. The pending Treaty must not be allowed to injure the rights of the United States or of Australia, New Zealand, or Great Britain. A treaty, dealing with the problems involved in the mandated territories south of the Equator might well take some time to negotiate, due to the need of considerable discussion with Australia and New Zealand. A note, he suggested, would be a better means by which each Power could save every right it believed that it possessed.

Secretary Hughes: An exchange of notes would probably be the best method. To save time, the United States might present a note in which it stated what it regarded as its existing rights, and Great Britain might reply as it deemed advisable. The discussion of the issue regarding the islands south of the Equator had thus far been somewhat unilateral, since the notes of the United States on this subject had not been answered by Great Britain.

It was his wish to conduct the negotiations regarding the mandates south of the Equator in a way which would be most agreeable to the British Mandatories. He believed Japan had asked for the open door in the "C" Mandates and had formally protested against the present terms. He would be happy to avoid the embarrassment to Australia and New Zealand which might well result from a joint discussion in which the Japanese and American positions would be similar.

Mr. BALFOUR: Would it be desirable to make a public statement of the pending Treaty and the suggested reservations?

Secretary HUGHES: He suggested that it would be best to make the Four Power Treaty public as soon as possible; and to state, at the same time, that negotiations with Japan were pending regarding the former German islands north of the Equator, and that the United States had made reservations as to its rights in the mandated islands south of the Equator. The Secretary raised the query, however, whether it was desirable to announce the Four Power Treaty without a previous acceptance by Japan of the naval ratio.[23] A public announcement of this Treaty alone might be helpful in inducing the Japanese to feel that there was no ground left for holding out against the ratio; but it was possible that such action might have an opposite effect.

Mr. MACMURRAY: In reply to a question from the Secretary, he stated that he believed no harm would result from the announcement of the Four Power Treaty in advance of an acceptance of the naval ratio.

Secretary HUGHES: The Four Power Treaty would seem to deprive Japan of any excuse for standing out longer for a higher naval ratio. If the American people should feel that Japan had improperly refused to agree to a fair naval ratio, they would vote for the building of a navy of any size asked for. He suggested that as soon as it was possible to agree on the terms of the Treaty, it would be best to have a Plenary Session and announce the completed Treaty in the most public way possible.

Mr. BALFOUR: What harm could come from the announcement of the Treaty by itself? It would stop damaging rumors, which would be of some advantage. It would probably add to Japan's feeling of security; . . . All arguments led to the desirability of completing the agreement on the Four Power Treaty as soon as possible, and announcing it publicly at the earliest possible time.

Secretary HUGHES: He said that he believed the suggestions made should be followed, and, if plans could be completed in time, a Plenary Session be called for tomorrow afternoon. In view of the early convening of a later meeting, the Secretary presented some of the modifications which had been suggested in the proposed Four Power Treaty, after which the meeting broke up at four o'clock.[24]

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[23] For papers concerning limitation of naval armament, see pp. 53 ff.

[24] The following notation is attached to this memorandum: "Sir Maurice Hankey has read the draft, and states that he has no corrections to make. G. H. B. 12/21/21."

500.A4a/162 Secret

Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Home of the Secretary of State, December 8, 1921, 4:30 p.m.[25]

PRESENT

THE UNITED STATES OF AMERICA	THE BRITISH EMPIRE
Mr. Hughes	Mr. Balfour, accompanied by Mr. Malkin and Sir Maurice Hankey
FRANCE	**JAPAN**
M. Viviani, accompanied by M. Jusserand	Baron Shidehara, Baron Kato, accompanied by M. Saburi

The discussion took place in regard to the draft outline of an agreement between the United States of America, the British Empire, France and Japan, which is annexed to this memorandum.

Baron SHIDEHARA said that he had prepared a draft of his own, of which he handed copies round.[26]

Mr. BALFOUR pointed out that the main difference between Baron Shidehara's draft and that circulated by Mr. Hughes[27] was that Baron Shidehara wished to divide Article I into two parts.

Baron SHIDEHARA explained that the reason for this was that Article I really contained two different ideas. In the first line the High Contracting Parties engage as between themselves to respect the rights mentioned in the preamble. The continuation of the Article referred to the action to be taken in case a controversy should develop on any matter in the region referred to in the preamble. It seemed more logical to divide this into two parts.

Mr. BALFOUR suggested that Baron Shidehara's point could be met by ending Article I at the first word of the second line, "rights", and beginning a new Article with the word "If".

M. JUSSERAND suggested it would be a better plan to have a full stop after the word "rights", and to begin a fresh paragraph of Article I with the word "If".

This suggestion was adopted.

Baron SHIDEHARA asked if the word "rights" in Article I related only to rights in insular possessions and insular dominions.

Mr. HUGHES explained that the agreement had been confined to insular possessions and insular dominions in order to ~~prevent~~ *other*

[25] No agreed official minutes of this conversation were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

The file copy of this memorandum bears corrections by Secretary Hughes. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*. Attached to the memorandum is the following note of Jan. 16, 1922, from Sir Maurice Hankey to Mr. Hughes: "I return herewith your copies of Notes of Conversations. I have carefully noted the corrections."

[26] Not printed.

[27] Printed as an annex hereto.

~~Powers from claiming the right to associate themselves in this agreement.~~ *avoid the difficulties connected with the mainland, especially as to China. There were matters which still required adjustment. The question of the association of other Powers in the agreement would also undoubtedly be presented.* He agreed, however, that even so the word "rights" could be interpreted very broadly. The word "rights" in reference to insular possessions would refer to all the rights which were inherent in territorial possession.

Mr. MALKIN pointed out that it would include all the rights of sovereignty, which extended almost to everything relating to those possessions.

Mr. HUGHES said that the concept of sovereignty would involve practically all rights. It would be hazardous to try and define them more ~~nearly~~ *clearly*.

M. JUSSERAND fully agreed with the text as it stood. He thought if it were amended confusion might be caused in regard to the exact rights relating to mandated territories.

Baron SHIDEHARA then asked if mandated territories were included?

Mr. HUGHES replied that the United States of America could not be a party to this arrangement unless the agreement, now in an advanced state of negotiation with Japan relating to the Japanese mandated territories, was completed and included them.

Baron SHIDEHARA asked if mandated territories were included in the words "insular possessions"?

Mr. HUGHES said he thought they were.

M. VIVIANI said that the new nations which were parties to the League of Nations had certain rights in relation to the mandated territories.

~~Mr. HUGHES said that he must make it clear that the rights referred to in the mandated territories were no greater than those which the United States of America admitted in the arrangements which they were now concluding with Japan. He would have to state definitely that the whole of the agreement now under consideration was subject to an arrangement being reached in regard to the mandated territories. To his mind "insular possessions" would include mandated islands. Certain of these rights in relation to countries that were members of the League of Nations were established by the Covenant. The relations of the United States of America to these rights, however, were not yet defined in any instrument. They would have to be interpreted as they were so defined.~~

Mr. Hughes said that he must make it clear that the rights referred to in the mandated islands, so far as the mandate to Japan was concerned, were no greater than those which the United States

of America were willing to agree upon in the arrangements which were now being concluded with Japan. He would have to state definitely that the whole of the agreement now under consideration was subject to an arrangement being reached with regard to the mandated islands. To his mind "insular possessions" would include mandated islands. Certain of these rights in relation to countries that were members of the League of Nations were established by the Covenant. The relations of the United States of America to these islands, however, were not yet defined in any instrument. They would have to be interpreted as they were hereafter defined. Mr. Hughes said that he had already explained to Mr. Balfour the position taken by the American Government as to the mandated islands south of the Equator and the United States of America must reserve her position as to all mandated islands until appropriate agreements were concluded.

Baron SHIDEHARA raised the point as to whether "insular possessions" included the main islands of Japan.

Mr. HUGHES pointed out that the main islands were both a possession and an island, and he thought that the term would have to be interpreted to include the main islands.

Mr. BALFOUR, on the suggestion of Mr. Malkin, said that if the proposal were adopted to include a preamble setting forth the ~~sovereigns~~ *Heads of States* in whose name the agreement was concluded, it would include the Emperor of Japan, and there could be no doubt in a technical sense the islands of Japan would be comprised, insomuch as these main islands were part of the insular possessions and insular dominions of the Mikado.

Mr. HUGHES said he had not yet discovered whether Baron Shidehara wished Japan to be included or not. He had assumed that he did.

Baron SHIDEHARA said that this was not the case. He would like to exclude the main islands of Japan, since the mainland of none of the other parties to the agreement was included.

Mr. BALFOUR at once interposed to say that he could not admit that the mainland of Australia and New Zealand was less important than any other part of the British Empire. If the British Islands had happened to be in the Pacific he himself would not have wished to exclude them, and he would feel horrified if Australia and New Zealand were excluded from the scope of the agreement. He asked why Japan wished to exclude the main islands?

Baron SHIDEHARA said that Japanese public sentiment might take umbrage if the mainland of Japan were included and not that of any of the other High Contracting Parties.

Mr. BALFOUR said it was important there should be no ambiguity on this point.

Mr. HUGHES said that what Baron Shidehara desired might be effected by an exchange of notes. He confessed that he had been rather surprised at the desire to exclude the mainland of Japan, but he was disposed not to mind whether it were included or not.

Mr. BALFOUR said that if the main islands of Japan were excluded people would begin to ask the reason, since these islands were the very centre of one of the four Powers. If a satisfactory reason were not forthcoming they would be sure to try and find some discreditable reason.

Baron SHIDEHARA pointed out that the reason was that the mainland of the United States of America was not included.

Mr. BALFOUR said he believed that for some purposes Honolulu was considered as part of the main territory of the United States of America.

Mr. HUGHES said this was the case, and that the Hawaiian Islands were part of the organised territory of the United States of America. If the United States had happened to be an island in the Pacific he would have desired to include them.

Baron SHIDEHARA asked what was the precise meaning of "island possessions"?

Mr. HUGHES said that he thought it would include all territories. He agreed that "insular possessions" was not a good way of describing the mainland of Japan, but if the Dominions of Australia and New Zealand were included, a very formidable case could be made out to show that Japan ought also to be included.

M. JUSSERAND said that he understood that Japan did not like including her main islands. If she did not want to include them, why was it necessary?

Mr. HUGHES said that whatever Baron Shidehara desired he would try and meet him. The most convenient way of doing this would be by an exchange of notes explaining exactly what was included.

Baron SHIDEHARA proposed the use of a term which he thought had been employed in the Root-Takahira Agreement, namely, "outlying territorial possessions".

Mr. HUGHES said that this introduced an ambiguous phrase and he would rather have a precise interpretation stated in a Note.

Baron SHIDEHARA said he had no objection to this. He felt that he would rather exclude the main islands of Japan.

Mr. BALFOUR said he was unwilling to admit the suggestion, which would be implied by the exclusion of Japan, that the Dominions were in some way a subordinate part of the British Empire. He wished to make it perfectly clear that there could be no possible question of inferiority for Australia and New Zealand.

Mr. HUGHES said that the first point to settle was whether Baron Shidehara wished Japan to be included or not. He would hate to suggest anything in the agreement which could be used to raise a question of the comparative importance of Australia and New Zealand. This would be to raise real difficulties.

Baron SHIDEHARA said there were two points upon which he wished to be clear. First, the exclusion of Japan proper, and, second, the inclusion of the mandated islands.

Mr. HUGHES said that in regard to the latter he must make his position perfectly clear, namely, that this arrangement did not apply to the Japanese mandated territories until the conclusion of the arrangement now under negotiation between America and Japan.

Baron SHIDEHARA asked if he was right in assuming that the term "insular possessions" was to remain?

Mr. HUGHES said he did not want to change it. Mr. Malkin had made a suggestion to change the words to "territories". If Japan was to be excluded, however, there was no object in this.

Mr. BALFOUR said he understood the position to be that the language was to remain unaltered, but there was to be an exchange of Notes in regard to the precise meaning.

Mr. HUGHES agreed.

Mr. BALFOUR asked whether the phrase "if there should develop between any two of the High Contracting Parties a controversy on any matter in the above-mentioned region" etc., would not be considered to refer to Japan?

Baron SHIDEHARA said his idea was that the controversies should not be considered to apply to any of the rights in regard to the main islands of Japan.

Mr. HUGHES said that under the wording as it stood it would not apply in respect of the territory of France, Scotland or Great Britain, but to any region in the Pacific Ocean.

Baron SHIDEHARA observed, therefore, that it would not be limited merely to the insular possessions and insular dominions.

Mr. HUGHES asked if it was not desirable that this phrase should be taken to extend as far as possible to all controversies arising in the whole of that region?

Baron SHIDEHARA asked if, therefore, it would extend, in the United States of America, to the western slope of the Pacific?

Mr. BALFOUR observed that this was not an island.

Baron SHIDEHARA then said "But it would include the mainland of Japan".

Mr. HUGHES said "not if the main islands of Japan were excluded".

Mr. BALFOUR said that he believed the dominions regarded it as a privilege and an advantage to be in this agreement. He rather gathered that Japan regarded it as an insult (Laughter).

Baron SHIDEHARA suggested to insert after the words "controversy on any matter" the following words, "in the above-mentioned insular possessions and insular dominions". How, he asked, could this apply to Canada?

Mr. BALFOUR said that Canada would be outside the arrangement, although probably Vancouver would be included. He understood that Canada had no objection to that. Mr. Balfour then asked a question as to the interpretation of the words in Article I "in the above-mentioned region": would that, he asked, exclude a difficulty arising at sea?

Mr. MALKIN said it would.

Mr. BALFOUR observed that if Japan was threatened by a rehabilitated Russia, under Article II Japan would not be able to invoke this agreement if the main islands were excluded.

M. JUSSERAND said this was a practical possibility, and that Russia had certain islands in these regions.

Baron SHIDEHARA suggested that Sakhalin Island would be included.

M. JUSSERAND replied in the affirmative.

Mr. HUGHES said that if he understood Baron Shidehara correctly, this would be a corollary as regards the main island. Apparently Baron Shidehara did not desire that the arrangement should apply to the main islands. He gathered that his object was to exclude the application of the agreement to any questions which might arise in regard to what Japan considered as matters within the sphere of her own domestic economy.

Baron SHIDEHARA said that this was his point, but also he wished the main islands of Japan to be in the same condition as the territory of the United States of America.

Mr. HUGHES said that that could easily be stated in an explanatory interchange of Notes.

Baron SHIDEHARA said he would have no objection to this course.

Mr. BALFOUR drew attention to the wording of the last clause in the preamble to the Anglo-Japanese Alliance,—"The maintenance of the territorial rights of the High Contracting Parties in the regions of Eastern Asia and of India and the defence of their special interests in the said regions." He presumed that that Alliance did refer to the main islands of Japan?

Baron SHIDEHARA agreed.

Mr. BALFOUR said that although it included the main islands of Japan, it did not include the main territory of Great Britain. Now, apparently, Baron Shidehara contemplated altering that policy.

Baron SHIDEHARA said "Yes, for the purposes of this agreement". He asked whether, if there were no serious objection, his colleagues would agree to an exchange of Notes?

Mr. HUGHES presumed that such an exchange would exclude the main islands of Japan and would refer to the mandated territories.

Mr. BALFOUR said he gathered that Baron Shidehara wished to exclude all matters that came within the domestic rights of Japan. He felt perfectly certain that the Dominions of Australia and New Zealand would never tolerate any interference with their domestic rights, and he presumed the same would apply to Hawaii.

Mr. HUGHES said that America would never tolerate any such interference.

Mr. BALFOUR explained that he kept reverting to this question because it was not solely of interest to Japan. Baron Shidehara's proposals would react upon Australia and New Zealand. If Japan were to insist on excluding her main islands there would be an implication that the Dominions of Australia and New Zealand were placed in some sort of inferior position and were accepting some condition to which the main territory of Japan was not subjected. He would at once find himself in difficulties in explaining this.

Mr. HUGHES said that if some qualification were needed it would relate not merely to Japan, but should be so framed as to exclude interference with the internal economy of the territories of any of the High Contracting Parties. He himself had assumed throughout that this document could never be construed to permit such interference. If necessary, however, he would be willing to see that stated in some exchange of Notes, and he would prefer this course to any amendment of the document itself.

The point Mr. BALFOUR made was that this condition should not be applied solely to Japan, but should be of more general application.

Mr. Balfour then read the following formula which had been suggested to him by Mr. Malkin for inclusion in Article I:—

"This power, however, will not apply to any matter which by international law is solely within the domestic jurisdiction of one of the High Contracting Parties".

His objection to inserting this in the document was that it would tend to undermine the whole basis of documents of this kind.

M. VIVIANI said it would be better to put it in a Note.

Mr. HUGHES said it seemed to him that what Baron Shidehara had in mind was that there might be some interference with matters of domestic policy.

Baron SHIDEHARA said this was not his sole point. His difficulty was that controversies relating to the western slope of the United States of America or Canada would not come under the terms of the arrangement, but that the main islands of Japan would.

Mr. HUGHES pointed out that there was a parallel case in the Anglo-Japanese Alliance, which applied to the main islands of Japan but not to Great Britain.

Baron SHIDEHARA said that this was a totally different case.

Mr. HUGHES said that as regards the domestic matter the difficulty could be cleared up by an exchange of Notes.

Mr. BALFOUR said that Baron Shidehara's point was that there might be a controversy about the Pacific slope of America or Canada which would not apply in the case of Japan.

Baron SHIDEHARA said this was exactly the point.

Mr. BALFOUR then asked how he was to meet the argument of Australia and New Zealand, who would say that they were put on a different footing to Japan?

Mr. HUGHES said that whether the main islands of Japan were inside the agreement or not, domestic matters at any rate should be excluded.

Mr. BALFOUR asked whether this would be stated in public session?

Mr. HUGHES said he would not wish to refer to it unless other speakers took a line which made it necessary that the whole matter should be explained. What he would like to do would be to include the gist of Mr. Malkin's draft in an exchange of Notes. He personally would be sorry to go beyond that. He wanted the instrument to be a really useful one, and that any question of real international import should come within its scope.

Baron SHIDEHARA asked whether the regions bordering the Pacific Ocean could not be included in the arrangement, subject to a provision that questions within domestic jurisdiction should be excluded?

Mr. HUGHES said that this might perhaps be done. Immigration was a domestic question, and so were tariffs, in the absence of any Treaty, and there was a great variety of questions of that kind which were of a purely domestic order. If, however, questions arose outside the domestic sphere, and were of international importance, at first sight he saw no reason against it, but the agreement must be made to apply to the Pacific only.

Mr. BALFOUR pointed out that if once the agreement were so drawn as to go beyond the islands and to take in the whole basin of the Pacific, China would be included. He also did not see how, in such a case, South America could be excluded.

Mr. HUGHES agreed that it would raise very difficult questions. Chile, for instance, was a great Pacific Power. A great number of questions centred round China. Once the ~~islands~~ *regions* bordering the Pacific were included, China would expect to participate. For various reasons it was desired to confine this to a quadruple entente.

To extend it as proposed, however, would introduce great complications in which many nations would be concerned. So far as *international* questions relating to California and the western slope of America were concerned, he did not feel any special objection, but he saw that it was very undesirable to complicate it by bringing in other nations.

M. VIVIANI pointed out that Indo-China would be included. Up to now France had agreed to exclude it, but if China and Siberia were introduced very many nations would expect to intervene.

Mr. BALFOUR pointed out that Chile had about 3,000 miles of coastline.

M. JUSSERAND said that Indo-China was the chief French interest in China, and up to now France had agreed to exclude it. Their island possessions were of less importance, but it would be better to confine it to the islands. He asked if Singapore would be included?

Mr. BALFOUR said that he always regarded Singapore as belonging rather to the Indian Ocean than to the Pacific. For himself he was inclined to the solution proposed by the Secretary of State, namely, that the gist of Mr. Malkin's draft should be included in the form of a Note. He could not accept the responsibility of extending the arrangement to the territories bordering on the Pacific.

Mr. HUGHES agreed that this was altogether impossible.

M. JUSSERAND asked if Mr. Malkin's draft set forth in the form of a Note would not satisfy Baron Shidehara?

Baron SHIDEHARA said there would be difficulties in Japan.

Mr. HUGHES said that if the matter was included in a separate Note he thought that he would be more exposed to the criticism of having been unduly cautious than would Baron Shidehara.

Baron SHIDEHARA asked for an adjournment to consider the question overnight.

Mr. HUGHES agreed to this.

Baron SHIDEHARA then suggested to include in Article I, line 7, after the word "shall", the words "in mutual agreement with each other". He explained that his object in making this proposal was that if a Power was threatened by the aggressive action of another Power it might prefer, instead of calling a Conference, to settle the question by some other method, for example, arbitration.

Mr. HUGHES pointed out that the phrase in Article I "which is not satisfactorily settled by diplomacy" covered this point. Resort would be had to every device of diplomacy before invoking the contemplated agreement, and such devices would, of course, include arbitration. Arbitration was part of the diplomatic methods.

Baron SHIDEHARA said that in this case he would withdraw his proposal.

Mr. HUGHES then summed up the ~~proposal~~ *position* by stating that an adjournment would be made until 10 a. m. on the following morning. He asked the Japanese Delegates carefully to consider the proposal to have a collateral exchange of Notes setting forth that the provisions of this arrangement would not apply to any matter which by international law is solely within the jurisdiction of one of the High Contracting Parties, and excluding the main islands of Japan from the scope of the agreement.

It was agreed—

That no communication in regard to this meeting should be made to the Press. [M. P. A. HANKEY]

WASHINGTON, *December 8, 1921.*

[Annex]

Draft by the Secretary of State of an Agreement between the United States of America, the British Empire, France, and Japan

With a view to the preservation of the general peace and the maintenance of their rights with respect to their insular possessions and insular dominions in the region of the Pacific Ocean, The United States of America, The British Empire, France and Japan agree as follows:

I

They engage as between themselves to respect the said rights, and if there should develop between any two of the High Contracting Parties a controversy on any matter in the above-mentioned region which is not satisfactorily settled by diplomacy and is likely to affect the relations of harmonious accord now happily subsisting between them, they shall invite the other High Contracting Parties to a joint conference to which the whole subject will be referred for consideration and adjustment.

II

If the said rights are threatened by the aggressive action of any other Power, the High Contracting Parties shall communicate with one another fully and frankly in order to arrive at an understanding as to the most efficient measures to be taken, jointly or separately, to meet the exigencies of the particular situation.

III

This agreement shall remain in force for ten years from the time it shall take effect, and after the expiration of said period it shall

continue to be in force subject to the right of any of the High Contracting Parties to terminate it upon twelve months' notice.

IV

This agreement shall be ratified as soon as possible in accordance with the constitutional methods of the High Contracting Parties and shall take effect on the deposit of ratifications, which shall take place at Washington, and thereupon the agreement between Great Britain and Japan, which was concluded at London on July 13th, 1921 [*1911*], shall terminate.

500.A4a/162 Secret

Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Home of the Secretary of State, December 9, 1921, 10 a. m.[29]

PRESENT:—

THE UNITED STATES OF AMERICA	THE BRITISH EMPIRE
Mr. Hughes	Mr. Balfour, accompanied by Mr. Malkin and Sir Maurice Hankey
FRANCE	**JAPAN**
M. Viviani, accompanied by M. Jusserand	Baron Shidehara Baron Kato, accompanied by M. Saburi

AGREEMENT RELATING TO THE PACIFIC.

(1) Baron SHIDEHARA said that he had tried to meet the American and British point of view as well as he could. It was important to avoid anything which in British eyes would be detrimental to the position of Australia or New Zealand. It was also necessary to avoid any form of agreement which would give other Powers an excuse to insist on participating in the arrangement. He was now prepared to give up the idea of excluding the Japanese islands from the arrangement. This would avoid any difficulty of an exchange of Notes or entry in a procès-verbal. He would, however, like to propose a small change in the wording. In Article I, after the word "controversy", he would like to insert the words "bearing upon Pacific problems".

Mr. HUGHES suggested, as an alternative, the words "bearing on their relation to Pacific problems". He was not enamoured of this particular draft, *and did not like the phrase "Pacific problems"* although it expressed the idea which he desired to convey.

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[29] No agreed official minutes of this conversation were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

The file copy of this memorandum bears corrections by Secretary Hughes. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*.

Mr. BALFOUR asked whether possibly this might not be regarded by the world as a clumsy draft?

Mr. HUGHES agreed, and suggested the following alternative: "controversy involving their relation to Pacific problems".

Mr. BALFOUR suggested to substitute "arising out of" for "involving". If Mr. Hughes' proposal were adopted it would be necessary to alter the word "relations" (of harmonious accord) lower down in the Article.

M. JUSSERAND suggested that the words "relations of" might be omitted in this case.

Mr. HUGHES said that on thinking the matter over he did not like the use of the word "relations" ~~in his own draft.~~

Mr. MALKIN suggested the following: "a controversy arising out of any matter in the Pacific in which they are concerned".

Mr. HUGHES did not care for this draft. He was inclined to think that his own suggestion had not sufficiently taken into account the bearing of the word "controversy". If a controversy arose between two Parties it must be in relation to the rights or interests of those parties. He therefore thought it was unnecessary to introduce the word "relation", and suggested the following: "a controversy arising out of Pacific problems".

Mr. BALFOUR suggested "due to a difference between them in connection with any Pacific problem".

Mr. HUGHES suggested that the word "controversy" contained the full thought of a difference without it being necessary to specify. He suggested the following words: "controversy in connection with any Pacific question". Mr. Hughes pointed out that this document would be submitted to very *close* scrutiny. The question arose, therefore, whether ambiguity might not arise as to what was a "Pacific question". What he was anxious to do was to provide in this instrument not only for the settlement of questions on which agreement was likely easily to be reached relating only to the islands, but other controversies which, though not arising out of questions relating to island possessions, would affect the security of those possessions. He therefore suggested the following words: "a controversy involving their said rights in the above-mentioned region". The question might not arise out of the rights in these insular possessions and dominions, but might involve or react on the rights and ownership of these territories.

Mr. BALFOUR asked if the following explanation of Mr. Hughes' policy was correct, namely, that the root idea in this document related to insular rights, but that other controversies might arise which would involve the security of those rights. That is to say, if he understood correctly, Mr. Hughes wished to give the peace-making

aspects of this instrument a wider scope. He thought that that was all to the good.

Mr. HUGHES explained that supposing some question arose off the coast of the United States of America, even though it did not arise out of any island question, it might involve the security of all these islands. What he desired was that if diplomacy failed in such a case resort should be made to the provisions of this Treaty.

Mr. BALFOUR said that for purposes of testing this proposal he would drive it to its logical conclusion. Supposing a difference arose in the Mediterranean between Japan and Great Britain, would it not have to be brought before the conference contemplated in this agreement, if Mr. Hughes' proposal was adopted?

Mr. HUGHES said that he had assumed that any such question arising, or any question between Great Britain and France in the Channel, would not be affected by this agreement. If the trouble arose in the Pacific, however, even though it did not arise out of the rights in the islands, it would be within the scope of the agreement. To meet the difficulty, however, he proposed the following draft:—" a controversy arising out of Pacific questions and involving the aforementioned rights of the High Contracting Parties."

After some further discussion, provision was made to meet the points considered above by adopting the following formula for the Preamble and Article I of the Treaty:—

" The United States of America, the British Empire, France and Japan, with a view to the preservation of the general peace and the maintenance of their rights with respect to their insular possessions and insular dominions in the region of the Pacific Ocean, have determined to conclude a treaty to this effect and have appointed as their plenipotentiaries (here insert names of Heads of States and Plenipotentiaries as is in the Treaty of Versailles, but omitting South Africa) who, having communicated their Full Powers, found in good and due form, have agreed as follows:—

I

The High Contracting Parties engage as between themselves to respect their rights in relation to their insular possessions and insular dominions in the region of the Pacific.

If there should develop between any two of the High Contracting Parties a controversy arising out of any Pacific question and involving their said rights which is not satisfactorily settled by diplomacy and is likely to affect the harmonious accord now happily subsisting between them, they shall invite the other High Contracting Parties to a joint conference to which the whole subject will be referred for consideration and adjustment."

PROPOSED PLENARY SESSION.

(2) Mr. HUGHES then raised the question of the form in which the arrangement should be announced. He asked if Baron Shidehara

had yet received a reply from Japan in regard to the Anglo-American agreement on mandated territories?

Baron SHIDEHARA said he had received no reply as yet, and the telegraphic congestion was very bad.

Mr. HUGHES said that in that event it would be necessary for him to make a reservation in announcing the new quadruple arrangement, to the effect that it was conditional on an agreement being reached in regard to the mandated islands.

M. JUSSERAND said that as yet he had had no answer from Paris.

Mr. HUGHES said that he proposed to arrange a Plenary Session for the following day at 11 a. m. He asked his colleagues whether they thought it would not be a useful plan at the same time to bring before the Conference all the resolutions which had been passed in the Committee on Pacific and Far Eastern Questions?

Mr. BALFOUR said he was in favour of this. It was part of the system on which the Conference worked, —to do a good deal of the actual detail in private and to announce it as soon as possible. It would be inconsistent with that plan not to announce these agreements.

M. JUSSERAND said it was important to ensure that there should be no controversy in open session in regard to the new arrangement.

Mr. HUGHES said he had already seen Senator Schanzer [30] and the Italian Ambassador twice, and had told them that nothing had been included in the quadruple arrangement in regard to any matter in which Italy had an interest. He had said that he would never have asked them to come to this Conference if there were any risk of their being excluded in such a case. He had, in strict confidence, communicated to them a copy of the draft arrangement. They had then said that if the arrangement were confined within geographical limits with which they had no concern, there would be no objection.

M. JUSSERAND pointed out that these arrangements had been concluded outside the immediate work of the Conference.

Mr. HUGHES said he proposed to arrange for a meeting of the Heads of Delegations of the Nine Powers the same afternoon, and to tell them that he proposed to announce the arrangement in Plenary Session the following afternoon. In fact, the Heads of Delegations would act as shock-absorbers, and if anybody had any objections to raise they would give the necessary explanations. He would adopt the assumption that neither the Netherlands nor Portugal would ~~wish to assume the responsibilities which were involved~~ *wish to take part in the arrangement.* So far as China was concerned, he would tell them that an announcement was to be made of all the resolutions agreed to

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[30] See the memorandum of Dec. 3, 1921, by the Secretary of State, p. 5.

up to the present in regard to her. It was inadvisable to court the risk of trouble in open session, and he thought this could be avoided by the meeting he proposed. If anyone then wished to raise a question in open session, at least he and his colleagues would be prepared.

M. Viviani thought it was important, when summoning the Heads of Delegations, to let them know that it was merely to give information and not to ask their advice. Otherwise they would all wish to communicate with their respective Governments, and we should again be held up.

Mr. Hughes agreed, and said he would tell them he wanted to give them certain information in order that they might not be taken by surprise. He did not propose to give them a copy of the document, owing to the risk of leakage, and intended to tell them so. He understood that he was to take the following action:—

(a) To have copies prepared of the Quadruple Agreement and circulated at once;

(b) To get together all the resolutions that had been passed by the Committee on Pacific and Far Eastern questions;

(c) To summon a meeting of Heads of Delegations that afternoon.

Mr. Hughes then asked M. Jusserand if he had heard from France.

M. Jusserand said he had not.

M. Viviani thought it would be unwise to assume French acquiescence.

Mr. Balfour suggested that perhaps an announcement could be made with a statement that it was subject to confirmation from France.

M. Viviani thought this would be very risky. He himself had advised acceptance, but he could not be sure that his Government would accept.

M. Jusserand said the only danger he saw was a possibility that the French Government might wish to include Indo-China.

(Some discussion took place at this point as to the great complications which would be raised if Indo-China, being on the mainland, were included in the Agreement).

Eventually Mr. Hughes undertook to summon the meeting of the Nine Powers at 4 o'clock. If, however, the French Delegation had not heard from France by that hour and he felt there was a risk of the meeting of the Plenary Session on the following day taking place, he would use his discretion to postpone the 4 o'clock meeting.

A copy of the Treaty as finally agreed to is attached.

[M. P. A. Hankey]

Washington, *December 9, 1921.*

[Annex]

Draft of an Agreement between the United States of America, the British Empire, France, and Japan

The United States of America, the British Empire, France and Japan

With a view to the preservation of the general peace and the maintenance of their rights in relation to their insular possessions and insular dominions in the region of the Pacific Ocean

Have determined to conclude a treaty to this effect and have appointed as their plenipotentiaries

The President of the United States of America,

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India

and for the Dominion of Canada

For the Commonwealth of Australia,

For the Dominion of New Zealand

For India,

The President of the French Republic,

His Majesty the Emperor of Japan

Who having communicated their Full Powers, found in good and due form, have agreed as follows:—

I

The High Contracting Parties agree as between themselves to respect their rights in relation to their insular possessions and insular dominions in the region of the Pacific Ocean.

If there should develop between any of the High Contracting Parties a controversy arising out of any Pacific question and involving their said rights which is not satisfactorily settled by diplomacy and is likely to affect the harmonious accord now happily subsisting between them, they shall invite the other High Contracting Parties to a joint conference to which the whole subject will be referred for consideration and adjustment.

II

If the said rights are threatened by aggressive action of any other Power, the High Contracting Parties shall communicate with one another fully and frankly in order to arrive at an understanding as to the most efficient measures to be taken, jointly or separately, to meet the exigencies of the particular situation.

III

This agreement shall remain in force for ten years from the time it shall take effect, and after the expiration of said period it shall continue to be in force subject to the right of any of the High Contracting Parties to terminate it upon twelve months notice.

IV

This agreement shall be ratified as soon as possible in accordance with the constitutional methods of the High Contracting Parties and shall take effect on the deposit of ratifications, which shall take place at Washington, and thereupon the agreement beween Great Britain and Japan, which was concluded at London on July 13, 1911, shall terminate.

500.A4a/162

Jonkheer van Karnebeek, of the Netherland Delegation, to the Secretary of State

WASHINGTON, *December 9, 1921.*

MY DEAR MR. SECRETARY: It was most gratifying for me to be assured this afternoon of your readiness to lend your valuable cooperation towards inserting into the general arrangement for the Pacific a formal recognition of the territorial *status quo* which is also to benefit countries who—like Holland—are no party to the Quadruple Agreement. This is—as I had the honor to say to you—of great importance to my country and I am anxious that the matter should there be rightly understood from the outset. I believe to that end it would be extremely useful if the prospect of the recognition referred to were announced in the very statement you propose to make at the next Plenary Session. Otherwise the impression might possibly at first prevail that Holland is to be the only power with insular possessions in the Far East whose territorial rights will find no explicit recognition at the Washington Conference, an impression which should be avoided.

While taking this opportunity, my dear Mr. Secretary, to convey to you my congratulations on the success of your endeavors, I remain

Sincerely yours,

KARNEBEEK

500.A4a/162

Memorandum by the Secretary of State of a Conversation with M. Viviani, of the French Delegation, December 9, 1921, 6:15 p.m.

PRESENT:

M. Viviani
M. Camerlynck
Mr. Hughes

Mr. Viviani called to read a message which he had just received from M. Briand authorizing him to express the assent of France to the quadruple treaty. Arrangements were then made for the plenary session the next morning.

500.A4a/a : Circular telegram

The Secretary of State to Certain Diplomatic and Consular Officers [81]

WASHINGTON, *December 10, 1921.*

Conference. At fourth Plenary Session of Conference on Limitation of Armament held today Senator Lodge made public following draft of a treaty and accompanying reservations.

[Here follows the text of the draft annexed to the memorandum of the meeting of December 9, 10 a. m., printed on page 28.]

"*Reservations.*—The signing of this treaty is, on the part of the United States, subject to the making of a convention with Japan concerning the status of the island of Yap and what are termed the mandated islands in the Pacific Ocean north of the Equator, the negotiations in regard to which are almost concluded, and also to the reservations with respect to what are termed the mandated islands in the Pacific Ocean south of the Equator.

It should also be observed that the controversies to which the proposed treaty refers do not embrace questions which, according to principles of international law, lie exclusively within the domestic jurisdiction of the respective powers."

In the course of his address Senator Lodge stated:

"To put it in a few words, the treaty provides that the four signatory powers will agree as between themselves to respect their

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[81] To the diplomatic representatives in Belgium, France, Great Britain, Italy, and the Netherlands, and the Commissioner at Berlin; also to the Ambassador in Japan, with instructions for forwarding to the Minister in China, the consul general at Shanghai, and the consul general at Hongkong (file no. 500.A4a/b).

insular possessions and dominions in the region of the Pacific, and that if any controversy should arise as to such rights all the high contracting parties shall be invited to a joint conference looking to the adjustment of such controversy. They agree to take similar action in the case of aggression by any other power upon these insular possessions or dominions. The agreement is to remain in force for 10 years, and after ratification under the constitutional methods of the high contracting parties the existing agreement between Great Britain and Japan, which was concluded at London on July 13, 1911, shall terminate. And that is all. Each signer is bound to respect the rights of the others and before taking action in any controversy to consult with them. There is no provision for the use of force to carry out any of the terms of the agreement, and no military or naval sanction lurks anywhere in the background or under cover of these plain and direct clauses.

The surest way to prevent war is to remove the causes of war. This is an attempt to remove causes of war over a great area of the globe's surface by reliance upon the good faith and honest intentions of the nations which sign the treaty, solving all differences through the processes of diplomacy and joint consideration and conciliation."

Secure widest publicity.

HUGHES

Press Releases, July–December 1921

Statement Issued to the Press by the Department of State, December 12, 1921

The Secretary of State made the following announcement today:

The United States and Japan have reached an agreement with respect to the Island of Yap and the other mandated islands in the Pacific Ocean, north of the Equator. The negotiations have been in progress since last June and the terms of settlement were almost entirely agreed upon before the meeting of the Conference on Limitation of Armament. The last steps in the negotiations have now been taken. The points of the agreement are as follows:

1. It is agreed that the United States shall have free access to the Island of Yap on the footing of entire equality with Japan or any other nation, in all that relates to the landing and operation of the existing Yap–Guam cable or of any cable which may hereafter be laid by the United States or its nationals.

2. It is also agreed that the United States and its nationals are to be accorded the same rights and privileges with respect to radiotelegraphic service as with regard to cables. It is provided that so long as the Japanese Government shall maintain on the Island of Yap an adequate radiotelegraphic station cooperating effectively with the cables and with other radio stations on ships and shore, without

discriminatory exactions or preferences, the exercise of the right to establish radiotelegraphic stations at Yap by the United States or its nationals shall be suspended.

3. It is further agreed that the United States shall enjoy in the Island of Yap the following rights, privileges and exemptions in relation to electrical communications:

(*a*) Rights of residence without restriction; and rights of acquisition and enjoyment and undisturbed possession, upon a footing of entire equality with Japan or any other nation or their respective nationals of all property and interests, both personal and real, including lands, buildings, residences, offices, works and appurtenances.
(*b*) No permit or license to be required for the enjoyment of any of these rights and privileges.
(*c*) Each country to be free to operate both ends of its cables either directly or through its nationals including corporations or associations.
(*d*) No cable censorship or supervision of operation or messages.
(*e*) Free entry and exit for persons and property.
(*f*) No taxes, port, harbor or landing charges, or exactions, either with respect to operation of cables or to property, persons or vessels.
(*g*) No discriminatory police regulations.

4. Japan agrees that it will use its power of expropriation to secure to the United States needed property and facilities for the purpose of electrical communication in the Island, if such property or facilities cannot otherwise be obtained. It is understood that the location and area of land to be so expropriated shall be arranged each time between the two Governments, according to the requirements of each case. American property and facilities for the purpose of electrical communication in the Island are to be exempt from the process of expropriation.

5. The United States consents to the administration by Japan of the mandated islands in the Pacific Ocean north of the Equator subject to the above provisions with respect to the Island of Yap, and also subject to the following conditions:

(*a*) The United States is to have the benefit of the engagements of Japan set forth in the mandate, particularly those as follows:

"ARTICLE 3

"The Mandatory shall see that the slave trade is prohibited and that no forced labour is permitted, except for essential public work and services, and then only for adequate remuneration.

"The Mandatory shall also see that the traffic in arms and ammunition is controlled in accordance with principles analogous to those laid down in the Convention relating to the control of the arms traffic, signed on September 10th, 1919,[32] or in any convention amending same.

[32] *Foreign Relations*, 1920, vol. I, p. 180.

"The supply of intoxicating spirits and beverages to the natives shall be prohibited."

"ARTICLE 4

"The Military training of the natives, otherwise than for purposes of internal police and the local defence of the territory, shall be prohibited. Furthermore, no military or naval bases shall be established or fortifications erected in the territory."

(*b*) With respect to missionaries, it is agreed that Japan shall ensure complete freedom of conscience and the free exercise of all forms of worship, which are consonant with public order and morality, and that missionaries of all such religions shall be free to enter the territory, and to travel and reside therein, to acquire and possess property, to erect religious buildings, and to open schools throughout the territory. Japan shall, however, have the right to exercise such control as may be necessary for the maintenance of public order and good government, and to take all measures required for such control.

(*c*) Japan agrees that vested American property rights will be maintained and respected.

(*d*) It is agreed that the treaties between the United States and Japan now in force shall apply to the mandated islands.

(*e*) It is agreed that any modifications in the Mandate are to be subject to the consent of the United States, and, further, that Japan will address to the United States a duplicate report on the administration of the Mandate.

A formal convention embodying these provisions will be drawn up for signature and will be subject to ratification by the Senate.[33]

Treaty Series No. 669

Treaty between the United States of America, the British Empire, France, and Japan, Signed at Washington December 13, 1921 [34]

The United States of America, the British Empire, France and Japan,

With a view to the preservation of the general peace and the maintenance of their rights in relation to their insular possessions and insular dominions in the region of the Pacific Ocean,

Have determined to conclude a Treaty to this effect and have appointed as their Plenipotentiaries:

The President of the United States of America:
Charles Evans Hughes,
Henry Cabot Lodge,

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[33] The treaty was signed Feb. 11, 1922; vol. II, p. 600.

[34] In English and French; French text not printed. Ratification advised by the Senate, Mar. 24, 1922; ratified by the President, June 9, 1923; ratifications deposited with the Government of the United States, Aug. 17, 1923; proclaimed, Aug. 21, 1923.

Oscar W. Underwood and
Elihu Root, citizens of the United States;

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India:
The Right Honourable Arthur James Balfour, O. M., M. P., Lord President of His Privy Council;
The Right Honourable Baron Lee of Fareham, G. B. E., K. C. B., First Lord of His Admiralty;
The Right Honourable Sir Auckland Campbell Geddes, K. C. B., His Ambassador Extraordinary and Plenipotentiary to the United States of America;

And

for the Dominion of Canada:
The Right Honourable Robert Laird Borden, G. C. M. G., K. C.;

for the Commonwealth of Australia:
The Honourable George Foster Pearce, Minister of Defence;

for the Dominion of New Zealand:
Sir John William Salmond, K. C., Judge of the Supreme Court of New Zealand;

for the Union of South Africa:
The Right Honourable Arthur James Balfour, O. M., M. P.;

for India:
The Right Honourable Valingman Sankaranarayana Srinivasa Sastri, Member of the Indian Council of State;

The President of the French Republic:
Mr. René Viviani, Deputy, Former President of the Council of Ministers;
Mr. Albert Sarraut, Deputy, Minister of the Colonies;
Mr. Jules J. Jusserand, Ambassador Extraordinary and Plenipotentiary to the United States of America, Grand Cross of the National Order of the Legion of Honour;

His Majesty the Emperor of Japan:
Baron Tomosaburo Kato, Minister for the Navy, Junii, a member of the First Class of the Imperial Order of the Grand Cordon of the Rising Sun with the Paulownia Flower;
Baron Kijuro Shidehara, His Ambassador Extraordinary and Plenipotentiary at Washington, Joshii, a member of the First Class of the Imperial Order of the Rising Sun;
Prince Iyesato Tokugawa, Junii, a member of the First Class of the Imperial Order of the Rising Sun;
Mr. Masanao Hanihara, Vice-Minister for Foreign Affairs, Jushii, a member of the Second Class of the Imperial Order of the Rising Sun;

Who, having communicated their Full Powers, found in good and due form, have agreed as follows:

I

The High Contracting Parties agree as between themselves to respect their rights in relation to their insular possessions and insular dominions in the region of the Pacific Ocean.

If there should develop between any of the High Contracting Parties a controversy arising out of any Pacific question and involving their said rights which is not satisfactorily settled by diplomacy and is likely to affect the harmonious accord now happily subsisting between them, they shall invite the other High Contracting Parties to a joint conference to which the whole subject will be referred for consideration and adjustment.

II

If the said rights are threatened by the aggressive action of any other Power, the High Contracting Parties shall communicate with one another fully and frankly in order to arrive at an understanding as to the most efficient measures to be taken, jointly or separately, to meet the exigencies of the particular situation.

III

This Treaty shall remain in force for ten years from the time it shall take effect, and after the expiration of said period it shall continue to be in force subject to the right of any of the High Contracting Parties to terminate it upon twelve months' notice.

IV

This Treaty shall be ratified as soon as possible in accordance with the constitutional methods of the High Contracting Parties and shall take effect on the deposit of ratifications, which shall take place at Washington, and thereupon the agreement between Great Britain and Japan, which was concluded at London on July 13, 1911, shall terminate. The Government of the United States will transmit to all the Signatory Powers a certified copy of the *proces-verbal* of the deposit of ratifications.

The present Treaty, in French and in English, shall remain deposited in the Archives of the Government of the United States, and

duly certified copies thereof will be transmitted by that Government to each of the Signatory Powers.

IN FAITH WHEREOF the above named Plenipotentiaries have signed the present Treaty.

DONE at the City of Washington, the thirteenth day of December, One Thousand Nine Hundred and Twenty-One.

	CHARLES EVANS HUGHES	[SEAL]
	HENRY CABOT LODGE	[SEAL]
	OSCAR W UNDERWOOD	[SEAL]
	ELIHU ROOT	[SEAL]
	ARTHUR JAMES BALFOUR	[SEAL]
	LEE OF FAREHAM	[SEAL]
	A. C. GEDDES	[SEAL]
[SEAL]	R. L. BORDEN	
[SEAL]	G. F. PEARCE	
[SEAL]	JOHN W SALMOND	
[SEAL]	ARTHUR JAMES BALFOUR	
[SEAL]	V S SRINIVASA SASTRI	
[SEAL]	RENÉ VIVIANI	
[SEAL]	A SARRAUT	
[SEAL]	JUSSERAND	
[SEAL]	T. KATO	
[SEAL]	K. SHIDEHARA	
[SEAL]	TOKUGAWA IYESATO	
[SEAL]	M. HANIHARA	

Treaty Series No. 669

Supplementary Declaration, Signed December 13, 1921 [35]

In signing the Treaty this day between The United States of America, The British Empire, France and Japan, it is declared to be the understanding and intent of the Signatory Powers:

1. That the Treaty shall apply to the Mandated Islands in the Pacific Ocean; provided, however, that the making of the Treaty shall not be deemed to be an assent on the part of The United States of America to the mandates and shall not preclude agreements between The United States of America and the Mandatory Powers respectively in relation to the mandated islands.

2. That the controversies to which the second paragraph of Article I refers shall not be taken to embrace questions which according to

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[35] In English and French; French text not printed.

principles of international law lie exclusively within the domestic jurisdiction of the respective Powers.

WASHINGTON, D. C., *December 13, 1921.*

CHARLES EVANS HUGHES
HENRY CABOT LODGE
OSCAR W UNDERWOOD
ELIHU ROOT
ARTHUR JAMES BALFOUR
LEE OF FAREHAM
A. C. GEDDES
R. L. BORDEN
G. F. PEARCE
JOHN W SALMOND
ARTHUR JAMES BALFOUR
V S SRINIVASA SASTRI
RENÉ VIVIANI
A SARRAUT
JUSSERAND
T. KATO
K. SHIDEHARA
TOKUGAWA IYESATO
M. HANIHARA

500.A4a/162

Memorandum by the Secretary of State of a Conversation with Ambassador Shidehara, of the Japanese Delegation, December 19, 1921

The AMBASSADOR said that he had seen certain statements in the newspapers to the effect that there were Senators who objected to the Four-Power Treaty because it was deemed to include the main Islands of Japan, and asked whether that was so. The SECRETARY said that he had seen something of the sort but did not know how accurate the report was; that he did not think that this point would make any difference in the ratification of the Treaty.

The AMBASSADOR said that curiously enough there were some in Japan who took objection because the main islands of Japan were included, and that while his Government did not intend to suggest any reservation upon this ground or did not want the Treaty changed, he thought that if there was objection to it here upon this ground, we might agree upon an interpretation which would exclude the main islands of Japan.

The SECRETARY recalled to the Ambassador that when this question was up during the negotiations the Secretary had asked Baron Shidehara whether he desired to include the main islands of Japan or to exclude them, and that the Ambassador had first said that he desired to have them excluded; that the Secretary then said that it was important to avoid any misunderstanding upon the point and had suggested an exchange of notes to cover the point; that then it was Mr. Balfour who suggested that he might find difficulty, if there [were] any question of relative dignity, in explaining the exclusion of the main islands of Japan to the people of Australia. The Secretary said that he had no preference one way or the other except that he did not wish to see any difficulty created with respect to Australia and New Zealand. The Secretary recalled that it was after this that Baron Shidehara decided not to press the point and to let the matter go in the view that the main islands of Japan would be deemed to be included.

The AMBASSADOR, not questioning this recital, said that there might be a point of interpretation and thought that if there was difficulty in the Senate on that score it could be relieved by some agreement interpreting it in a more limited way, and that the matter could be explained to Australia upon the ground that it was an interpretation only of the words "insular possessions" and that they came under the heading of "insular dominions." The SECRETARY said he would speak to Senator Lodge and Senator Underwood in relation to the matter.

500.A4a/60a

Statement Issued to the Press from the White House, December 20, 1921

When the President was responding to press inquiries at the afternoon interview today he expressed the opinion that the homeland of Japan did not come within the words "insular possessions and insular dominions" under the four party agreement, except as territory proper of any other nation which is a party to the agreement. This expression has been emphasized as a division between the President and the delegates to the Conference in construing the four party agreement.

The President announced tonight that the difference in view in no wise will be permitted to embarrass the Conference or the ratification of the agreement. He had assumed all along that the spirit of the Conference contemplates a confidence which pledges respect of territory in every way which tends to promote lasting peace.

He has learned from the United States delegates to the Conference that they have agreed to the construction which includes the homeland of Japan in the term "insular possessions and insular dominions", and has no objection to that construction.

500.A4a/14

Ambassador Ricci, of the Italian Delegation, to the Secretary of State

WASHINGTON, *December 27, 1921.*

MY DEAR MR. SECRETARY: As you may be aware, the absence of Italy from the agreement for the Pacific Islands caused in the Italian press and public opinion a certain degree of dissatisfaction which, in its turn, originated widespread polemics.

Such a situation could not be overlooked by the Italian Government which has instructed me to approach Your Excellency on the subject with a view to possibly secure the accession of Italy to the said agreement.

I will, therefore, be much obliged to Your Excellency for fixing an appointment, so that we may together examine the question.

In order that Your Excellency may have previous information of the Italian point of view in the matter, I deem it advisable to outline here below the reasons for which the Italian Government is considering Italy's participation to the pact.

The present Washington Conference was called for the main purposes of the limitation of armament and the discussion of the Pacific and Far Eastern questions. Now the fact of the exclusion of Italy—which is one of the great Powers invited to Washington—from the agreement which brought about the definition of the Pacific question could be interpreted as a depreciation of its position, the Italian Government wishes to point out that, under certain circumstances, said agreement might trespass the limits of the territories which it contemplates. Consequently, in case of a disagreement with world-wide political repercussions, Italy would be prevented from exercising any preventive conciliatory action in the general interest of peace and for the protection of her particular interests.

Furthermore, it is not to be forgotten that some of the Pacific possessions covered by the recent Washington agreement were assigned to the great powers as a mandate in accordance with article 119 of the Versailles Treaty, whereby "Germany renounces in favor of the Principal Allied and Associated Powers all her rights and titles over her oversea possessions".

The mandate granted to other powers reasserts Italy's rights as a mandatory power and consequently Italy's *de jure* position in the Pacific remains analogous to the one of the other allied countries.

In consideration of the points above indicated, I beg Your Excellency to examine the convenience of Italy's accession to the pact in the *modus* and form which she would deem the most advisable.

In my Government's opinion, this could be done in this way: the four signatory powers could communicate officially the text of the agreement to the Government of Italy as " to one of the great allied powers interested in the maintenance of the world's peace, with the request that Italy adhere to it in order to fully reach the aim which prompted the agreement ".

While I anticipate to Your Excellency my thanks for such action as I trust will be taken in the matter, I beg to remain [etc.]

V. Rolandi Ricci

500.A4a/73b

The Secretary of State to Mr. Frank H. Simonds

Washington, *December 29, 1921.*

My Dear Mr. Simonds: I notice that in your article in this morning's *Washington Herald* you say:

" It is no secret now, for example, that M. Viviani went home because of his indignation over the way France had been treated about the four-power treaty—which was wholly prepared by three powers and referred to France for signature alone."

I cannot believe that M. Viviani had this feeling and certainly, if he had, there was no basis for it.

The facts are these. I had proposed that France be included in the Treaty. As soon as I was advised by Baron Kato, who had communicated with Tokio, that his Government had no objection to the inclusion of France I immediately—that is, within a few hours and as soon as an appointment could be made,—presented the matter to M. Viviani, who expressed his gratification. Instead of the Treaty being referred to France for signature alone, M. Viviani and M. Jusserand sat in two long consultations with the representatives of the other Powers, in which the final text of the Treaty was determined upon. M. Viviani went over the matter with the representatives of the other Powers and had the same opportunity as they had to make any suggestions that he desired. When the last consultation ended M. Viviani was the only one who was not prepared to give a final assent on behalf of his Government, and this was simply because he had not heard definitely from Paris. This was the day before the plenary session and I held up the call of the session awaiting M. Viviani's reply. M. Viviani came to see me in the evening with the statement that he had just heard from his Government approving the Treaty, and then I called the plenary ses-

sion for the next day. When M. Viviani saw me he seized me by both hands and was most profuse in his expression of pleasure. You, of course, know what he said the next day at the plenary session.[36]

Sincerely yours,

CHARLES E. HUGHES

500.A4a/59b

The Secretary of State to Mr. Balfour, of the British Delegation

WASHINGTON, *January 3, 1922.*

MY DEAR MR. BALFOUR: I enclose a copy of the draft of the proposed identic note left with me by Mr. van Karnebeek.

Sincerely yours,

CHARLES E. HUGHES

[Enclosure]

Draft of a Proposed Identic Note to the Netherland Government

The United States of America have concluded on . . . 1921 with the British Empire, France and Japan a treaty with a view to the preservation of the general peace and the maintenance of their rights in relation to their insular possessions and insular dominions in the region of the Pacific Ocean. They have agreed thereby as between themselves to respect their rights in relation to these possessions and dominions.

The Netherlands not being a signatory to the said treaty and the Netherlands possessions in the region of the Pacific Ocean therefore not being included in the agreement referred to, the Government of the United States of America, anxious to forestall any conclusion contrary to the spirit of the treaty, desires to declare that it is firmly resolved to respect the rights of the Netherlands in relation to their insular possessions in the region of the Pacific Ocean.

500.A4a/5 : Telegram

The Chargé in Siam (Williams) to the Secretary of State

[Paraphrase]

BANGKOK, *January 7, 1922—2 p.m.*

[Received 8:44 p.m.]

1. In conversation yesterday at Foreign Office, the Minister of Foreign Affairs informally expressed Siamese support of arrange-

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[36] See *Conference on the Limitation of Armament*, pp. 166 ff.

ment for four-power agreement providing for common counsel in the solution of problems in Pacific.

Siam probably would welcome invitation to indicate diplomatic adherence to agreement if the initiative in this connection came from the Government of the United States.

WILLIAMS

500.A4a/162

Memorandum by the Secretary of State of a Conversation with Ambassador Shidehara, of the Japanese Delegation, January 14, 1922

The Japanese Ambassador referred to the suggestion that the main islands should be excluded from the Four Power Treaty. He said that he would write a letter to the Secretary making the suggestion on behalf of the Japanese Government. The Ambassador said that he supposed the Secretary would then call the representatives of the Governments together to consider the matter. The Secretary said that he would call the heads of the delegations. The Ambassador then produced a form of supplemental agreement.[37] The language was that the treaty should "not be held to include" the islands composing Japan proper. The Secretary objected to this phrase as it would indicate an interpretation. He pointed out to the Ambassador the importance of not treating the existing treaty as ambiguous; that this would expose it to criticism. In truth, the treaty was not ambiguous and there was no reason why it should be dealt with in such a way as to mean one thing on one day and another thing on another day; that the best course was simply to provide that the treaty should not apply to the islands in question.

The Ambassador said that the trouble was his Government had passed upon this phrase and he did not want to change it. After some discussion the Secretary asked whether it would not answer the Ambassador's purpose to use instead of "shall not be held to include" the words "shall not include". The Ambassador took this under advisement.

The Secretary then brought up the question as to what were the islands composing Japan proper. He said that he did not wish any uncertainty in the matter; that he had supposed that such an expression would be clearly understood but since Baron Kato had suggested that there was an opinion in Japan that the islands of Japan proper embraced the Bonin Islands the Secretary thought it would be well to have the expression made absolutely definite.

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[37] Not found in Department files.

The matter was discussed and the Ambassador finally suggested that the clause be made to read "the four main islands composing Japan proper". The Ambassador asked whether Mr. Van Karnebeek had spoken to him with respect to the agreement relating to the Netherlands. The Secretary said that he had but that the agreement proposed had not been one which could be approved. The Secretary then told the Ambassador of his final conversation with Mr. Van Karnebeek the evening before he left Washington and of Mr. Van Karnebeek's suggestion as to the form of declaration to be delivered at The Hague by the Ministers of the various governments in an identic note.

The Secretary said that he would give a copy of the proposed note to the Ambassador.

500.A4a/162

The Secretary of State to Ambassador Jusserand, of the French Delegation

WASHINGTON, *January 24, 1922.*

MY DEAR MR. AMBASSADOR: I take pleasure in handing you the form of proposed letter which Baron Shidehara left with me this morning with respect to the conclusion of an agreement supplementary to the Quadruple Treaty signed at Washington on December 13, 1921, together with the text of the proposed supplementary agreement.

I also hand you herewith a copy of the identic note which it is proposed that the Four Powers should deliver, through their Ministers at The Hague, to the Netherlands Government.[38]

Sincerely yours,

CHARLES E. HUGHES

[Enclosure 1]

Draft of a Proposed Note from Ambassador Shidehara, of the Japanese Delegation, to the Secretary of State

SIR: Referring to the question of the applicability to Japan Proper of the term "insular possessions and insular dominions" used in the Quadruple Treaty signed at Washington on December 13, 1921, I have the honor to inquire, under instructions from my Government, whether there is any objection, so far as the United States is concerned, to the conclusion of an agreement supplementary

[38] Presumably the same as the draft sent Jan. 3 to Mr. Balfour, of the British delegation, p. 41.

to the said Treaty, to the effect that the term above quoted shall, in its application to Japan, include only Sakhalin, Formosa and the Pescadores, and the islands under the mandate of Japan.

Accept [etc.] K. Shidehara

[Enclosure 2]

Draft of an Agreement Supplementary to the Treaty of December 13, 1921, between the United States of America, the British Empire, France, and Japan

The United States of America, the British Empire, France and Japan have, through their respective Plenipotentiaries, agreed upon the following stipulations supplementary to the Quadruple Treaty signed at Washington on December 13, 1921:—

The term "insular possessions and insular dominions" used in the aforesaid Treaty shall, in its application to Japan, include only Sakhalin, Formosa and the Pescadores, and the islands under the mandate of Japan.

The present agreement shall have the same force and effect as the said Treaty to which it is supplementary.

500.A4a/75b

The Secretary of State to M. Sarraut, of the French Delegation[39]

WASHINGTON, *January 28, 1922.*

MY DEAR M. SARRAUT: I enclose revised draft[40] of proposed agreement supplementary to the Four-Power-Treaty. The changes are as follows:

There is substituted for "Sakhalin" the following: "Karafuto (or the southern portion of the Island of Sakhalin)". This is the Japanese portion of the Island.

There is added a paragraph in the usual form relating to ratification and deposit.

I have been over these changes with Baron Shidehara, who has approved them.

If you approve, will you kindly furnish me with the French text, and I shall have an agreement printed for signature.

Sincerely yours,

CHARLES E. HUGHES

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[39] The same to Ambassador Jusserand, of the French delegation, and, with the omission of the last sentence, to Mr. Balfour, of the British delegation (file nos. 500.A4a/72b, 59a).

[40] Not printed.

500.A4a/5 : Telegram

The Secretary of State to the Minister in Siam (Brodie)

WASHINGTON, *February 2, 1922—7 p.m.*

7. You may informally advise the Minister for Foreign Affairs that the Secretary of State is gratified to learn the sentiments expressed in first paragraph of your number I January 7, 2 p. m.

You should explain to the Minister for Foreign Affairs that the Four-Power Pact relates only to those problems which concern insular possessions and insular dominions in the region of the Pacific.

HUGHES

500.A4a/12a : Telegram

The Secretary of State to the Minister in the Netherlands (Phillips)[41]

WASHINGTON, *February 3, 1922.*

3. Please deliver the following note to Minister for Foreign Affairs, tomorrow, February 4th.

"The United States of America have concluded on December 13, 1921, with the British Empire, France and Japan, a treaty with a view to the preservation of the general peace and the maintenance of their rights in relation to their insular possessions and the insular dominions in the region of the Pacific Ocean. They have agreed thereby as between themselves to respect their rights in relation to these possessions and dominions.

"The Netherlands not being signatory to the said treaty and the Netherlands possessions in the region of the Pacific Ocean therefore not being included in the agreement referred to, the Government of the United States of America, anxious to forestall any conclusion contrary to the spirit of the treaty, desires to declare that it is firmly resolved to respect the rights of the Netherlands in relation to their insular possessions in the region of the Pacific Ocean."

This is identical with notes to be delivered by British, French and Japanese Ministers.

HUGHES

500.A4a/3

The Secretary of State to Ambassador Shidehara, of the Japanese Delegation

WASHINGTON, *February 6, 1922.*

EXCELLENCY: I have the honor to acknowledge the receipt of your Excellency's Note under this date,[42] referring to the question of the

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[41] The same, *mutatis mutandis*, to the Minister in Portugal (file no. 500.A4a/13a).

[42] Not printed; see draft, p. 43.

applicability to Japan Proper of the term "insular possessions and insular dominions" used in the Quadruple Treaty signed at Washington on December 13, 1921, and inquiring, under instructions from your Government, whether there is any objection, so far as the United States is concerned, to the conclusion of an agreement supplementary to the said Treaty, to the effect that the term above quoted shall, in its application to Japan, include only Karafuto (or the southern portion of the Island of Sakhalin), Formosa and the Pescadores, and the islands under the mandate of Japan.

I have the honor to state that there is no objection on the part of the Government of the United States to the making of a supplementary agreement to the effect stated in your Note.

Accept [etc.] CHARLES E. HUGHES

Treaty Series No. 670

Agreement between the United States of America, the British Empire, France, and Japan, Supplementary to the Treaty of December 13, 1921; Signed at Washington February 6, 1922 [43]

The United States of America, the British Empire, France and Japan have, through their respective Plenipotentiaries, agreed upon the following stipulations supplementary to the Quadruple Treaty signed at Washington on December 13, 1921:

The term "insular possessions and insular dominions" used in the aforesaid Treaty shall, in its application to Japan, include only Karafuto (or the Southern portion of the island of Sakhalin), Formosa and the Pescadores, and the islands under the mandate of Japan.

The present agreement shall have the same force and effect as the said Treaty to which it is supplementary.

The provisions of Article IV of the aforesaid Treaty of December 13, 1921, relating to ratification shall be applicable to the present Agreement, which in French and English shall remain deposited in the Archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to each of the other Contracting Powers.

IN FAITH WHEREOF the respective Plenipotentiaries have signed the present Agreement.

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[43] In English and French; French text not printed. Ratification advised by the Senate, Mar. 27, 1922; ratified by the President, June 9, 1923; ratifications deposited with the Government of the United States, Aug. 17, 1923; proclaimed, Aug. 21, 1923.

DONE at the City of Washington, the sixth day of February, One Thousand Nine Hundred and Twenty-two.

	CHARLES EVANS HUGHES	[SEAL]
	HENRY CABOT LODGE	[SEAL]
	OSCAR W UNDERWOOD	[SEAL]
[SEAL]	ELIHU ROOT	
[SEAL]	ARTHUR JAMES BALFOUR	
[SEAL]	LEE OF FAREHAM	
[SEAL]	A. C. GEDDES	
[SEAL]	R. L. BORDEN	
[SEAL]	G. F. PEARCE	
[SEAL]	JOHN W SALMOND	
[SEAL]	ARTHUR JAMES BALFOUR	
[SEAL]	V S SRINIVASA SASTRI	
	A SARRAUT	[SEAL]
	JUSSERAND	[SEAL]
	T. KATO	[SEAL]
	K. SHIDEHARA	[SEAL]
	M. HANIHARA	[SEAL]

500.A4a/15

The Italian Ambassador (Ricci) to the Secretary of State

[Translation]

No. 457 WASHINGTON, *February 6, 1922.*

MR. SECRETARY OF STATE: I have not failed to report in due course to His Excellency the Royal Minister of Foreign Affairs the courteous answer returned to me by Your Excellency[44] on the subject of the desired accession of Italy to the covenant about the Pacific between the United States of America, the British Empire, France and Japan.

Marquis Torretta now instructs me to say to your Excellency that he has taken note of the declaration made by Your Excellency and taken it in the sense that the United States will not oppose the Italian request when it shall have obtained the assent of the other three Governments which signed the Pacific Treaty.

I am [etc.] V. ROLANDI RICCI

500.A4a/15

The Secretary of State to the Italian Ambassador (Ricci)

WASHINGTON, *February 13, 1922.*

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's Note under date of February 6, 1922, stating that you

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[44] Apparently reference is made to an oral statement.

are instructed by His Excellency the Royal Minister of Foreign Affairs, to say that he has taken note of my statement upon the subject of the desired accession of Italy to the Covenant about the Pacific between the United States of America, the British Empire, France and Japan, and that he has taken this declaration in the sense that the United States will not oppose the Italian request when Italy shall have obtained the assent of the other three governments which signed the Pacific Treaty.

You will recall that I pointed out to Your Excellency that the principal difficulty in the way of the accession which Italy desires lies in the fact that the Treaty relates to the insular possessions of the Contracting Powers in the Pacific Ocean, and that Italy has no such possessions. With respect to the suggestion of Italy's interest in the former German islands in the Pacific Ocean, it appeared that these islands, with the participation of Italy and the Powers concerned other than the United States, had been placed, through the League of Nations, under mandate to Japan. The result was that Italy was not in the position of having insular possessions in the Pacific Ocean.

I took pleasure, however, in pointing out that Italy would be asked to become a party, and since that interview she has become a party, to the treaties relating to China.[45]

This appreciation of the situation is to be borne in mind, although, of course, it is true that the United States would not oppose the Italian request in case Italy obtained the assent of the other three Governments which signed the Pacific Treaty.

Accept [etc.] CHARLES E. HUGHES

500.A4a/30a

The Secretary of State to Senator Oscar W. Underwood

WASHINGTON, *March 11, 1922.*

MY DEAR SENATOR: I understand that in the course of debate in the Senate upon the Four-Power Treaty questions have been raised with respect to its authorship. It seems to be implied that in some way the American delegates have been imposed upon, or that they were induced to accept some plan cunningly contrived by others and opposed to our interests. Apart from the reflection upon the competency of the American Delegates, such intimations betray a very poor and erroneous conception of the work in connection with the Conference no part of which—whether within or outside the Con-

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[45] *Post*, pp. 276–287.

ference meetings—was begun, prosecuted or concluded in intrigue. Nothing could be farther from the fact.

It is, of course, wholly inconsistent with the amenities of international intercourse, that the informal and confidential suggestions and conversations incident to negotiations should be stated, but the Senate may be assured that a full disclosure of everything said or done in the course of the negotiations would reveal nothing derogatory to the part taken by any of the American Delegates or involve any consideration or acceptance of any position not entirely consistent with the traditional policies of this Government.

It should be remembered that the Four-Power Treaty dealt with a subject—the Anglo-Japanese Alliance—which, as an agreement between two Powers competent to make and continue it, was not, and in the nature of things could not be, appropriately placed upon the Conference Agenda. Technically, it was a matter outside the Conference, although the Conference furnished an excellent opportunity for conversations regarding it.

While I cannot, of course, undertake to state what was proposed or suggested in confidence by any of the Delegates, I think it entirely proper to say that the negotiations relating to the Four-Power Treaty were conducted within limitations defined by the American Government. The views of this Government as to the importance of the termination of the Anglo-Japanese Alliance had been communicated long before the Conference met, and it had also been clearly stated that this Government could enter into no alliance or make any commitment to the use of arms or which would impose any sort of obligation as to its decisions in future contingencies. It must deal with any exigency according to its constitutional methods. In preparation for the Conference, the American Delegates reviewed the matter thoroughly and the entire course of the negotiations in connection with the Four-Power Treaty were in accord with these principles, and, as I have said, within the limits which we defined.

The Treaty itself is very short and simple, and is perfectly clear. It requires no commentary. Its engagements are easily understood and no ingenuity in argument or hostile criticism can add to them or make them other or greater than its unequivocal language sets forth. There are no secret notes or understandings.

In view of this, the question of authorship is unimportant. It was signed by Four Powers, whose Delegates respectively adopted it, all having made various suggestions.

I may say, however, with respect to the general course of negotiations that after assent had been given by Great Britain and Japan that France should be a party to the agreement, I prepared

a draft of the Treaty based upon the various suggestions which had been exchanged between the Delegates. This draft was first submitted to Senator Lodge and Mr. Root, as you were then absent on account of the death of your mother. After the approval of the American Delegates who were here, the draft was submitted to the representatives of other Powers and became the subject of discussion between the Heads of the Delegations concerned, and with a few changes, which were approved by the American Delegates and which did not affect the spirit or substance of the proposed Treaty, an agreement was reached. Immediately upon your return I went over the whole matter with you and the proposed agreement received your approval. I should add that, in order to avoid any misunderstanding, I prepared a memorandum to accompany the Treaty with respect to its effect in relation to the mandated islands and reserving domestic questions.[46]

At this stage, while it was not strictly a Conference matter, in order to insure publicity at the earliest possible moment, the Treaty as thus agreed upon and before it had been signed, was presented by Senator Lodge to the Conference in Plenary Session and its import and limitations stated. His statement met with the acquiescence of all.

The Treaty as thus drawn and notified was deemed to embrace the main islands of Japan. Later, in view of the sentiment both in this country and Japan, it was deemed to be preferable to exclude these main islands and a supplementary treaty was prepared to this effect which designated the islands of Japan which it was to include.

There is not the slightest mystery about the Treaty or basis for suspicion regarding it. It is a straightforward document which attains one of the most important objects the American Government has had in view and is of the highest importance to the maintenance of friendly relations in the Far East upon a sound basis. As the President recently said, in his communication to the Senate, it is an essential part of the plan to create conditions in the Far East at once favorable to the maintenance of the policies we have long advocated and to an enduring peace.

In view of this, and in view of the relation of the Treaty to the results of the Conference, its failure would be nothing short of a national calamity.

I am [etc.] CHARLES E. HUGHES

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[46] Supplementary declaration of Dec. 13, 1921, p. 36.

500.A4a/41a

The Assistant Secretary of State (Dearing)[47] *to Senator Medill McCormick*

WASHINGTON, *March 13, 1922.*

DEAR SENATOR MCCORMICK: In reply to your telephone conversation of the 11th when you requested copies of any treaties analogous to the Four Power Treaty with regard (*a*) to provisions mutually to respect rights in relation to insular territories and (*b*) to provisions to arbitrate or meet in conference, I beg to say that nations have occasionally concluded treaties which are essentially different from treaties of alliance, which Oppenheim describes as follows:

"Different from real Guarantee Treaties are such treaties as declare the policy of the parties with regard to the maintenance of their territorial *status quo*. Whereas treaties guaranteeing the maintenance of the territorial *status quo* engage the guarantors to do what they can to maintain such *status quo*, treaties declaring the policy of the parties with regard to the maintenance of their territorial *status quo* do not contain any legal engagements, but simply state the firm resolution of the parties to uphold the *status quo*. In contradistinction to real guarantee treaties, such treaties declaring the policy of the parties may fitly be called Pseudo-Guarantee Treaties, and although their political value is very great, they have scarcely any legal importance. For the parties do not bind themselves to pursue a policy for maintaining the *status quo*, they only declare their firm resolution to that end. Further, the parties do not engage themselves to uphold the *status quo*, but only to communicate with one another, in case the *status quo* is threatened, with a view to agreeing upon such measures as they may consider advisable for the maintenance of the *status quo*." (*International Law*, 2nd ed., Vol. I, pp. 602–603).

The following, of which copies are attached,[48] are examples of agreements or understandings of this character:

(1) The Declarations exchanged on May 16, 1907, between, on the one hand, France and Spain and, on the other hand, Great Britain and Spain concerning the *status quo* in the Mediterranean;

(2) The Declarations concerning the maintenance of the territorial *status quo* in the North Sea, signed at Berlin on April 23, 1908, by Great Britain, Germany, Denmark, France, Holland and Sweden;

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[47] Appointed Minister to Portugal Feb. 10, 1922, but continued his duties in the Department for several weeks before proceeding to his post.

[48] Not printed.

(3) The Declarations concerning the maintenance of the territorial *status quo* in the Baltic, signed at St. Petersburg on April 23, 1908, by Germany, Denmark, Russia and Sweden.

The Root-Takahira Agreement [49] contains among its provisions the following:

"They are accordingly firmly resolved reciprocally to respect the territorial possessions belonging to each other in said region."

and

"Should any event occur threatening the *status quo* as above described or the principle of equal opportunity as above defined, it remains for the two Governments to communicate with each other in order to arrive at an understanding as to what measures they may consider it useful to take."

A question arising in the Pacific with regard to the Samoan Islands was dealt with in an agreement concluded at Berlin June 14, 1889, by the United States, Great Britain and Germany.[50] The purpose of the agreement was to provide for the security of life and property of the nationals of the Contracting Powers in the Islands of Samoa and to establish orderly Government in the Islands. The agreement contained a declaration respecting the independence and neutralization of the Islands. This agreement was annulled by a treaty concluded December 2, 1899, between the United States, Great Britain and Germany [51] which divided the Islands between the United States and Germany, Great Britain accepting in compensation from Germany other Islands in the South Pacific. The agreement was concluded with a view to settling very acute dissensions between the three Powers with respect to the rights of their nationals in Samoa.

The arbitration or mediation treaties to which the Government of the United States is a party can be briefly described. In 1908, arbitration treaties were concluded with several nations. A copy of a typical form of these treaties is attached.[52] These agreements obligate the Contracting Parties to arbitrate differences of a legal nature or relating to the interpretation of treaties which it may not be possible to settle by diplomacy; provided that they do not affect the vital interests, the independence or the honor of the two Contracting States and do not concern the interests of third parties.

The United States is a signatory to the Convention for the Pacific Settlement of International Disputes, signed at The Hague October 18, 1907.[53] Pursuant to the provisions of this treaty the United States has submitted a number of agreements to the court at The Hague.

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[49] *Foreign Relations*, 1908, p. 510.
[50] Malloy, *Treaties*, 1776–1909, vol. II, p. 1576.
[51] *Ibid.*, p. 1595.
[52] Not printed.
[53] Malloy, *Treaties*, 1776–1909, vol. II, p. 2220.

Treaties for the advancement of peace which differ considerably from arbitration treaties were concluded by the United States with several countries in 1914. A copy of one of these treaties is attached.[54]

These treaties obligate the Contracting Parties to refer all disputes between them, other than those the settlement of which is provided for under existing agreements, for investigation and report to an international commission, and the Contracting Parties are required not to declare war or begin hostilities during such investigation and before a report is submitted. The report is not binding on the Contracting Parties as an arbitral decision.

I trust that this information meets your wishes and beg you to believe me,

Yours very sincerely,

F. M. Dearing

The Treaty for the Limitation of Naval Armament

Proposal for a Limitation of Naval Armament, Presented by the Secretary of State at the First Plenary Session of the Conference, November 12, 1921 [55]

The United States proposes the following plan for a limitation of the naval armament of the conferring nations. The United States believes that this plan safely guards the interests of all concerned.

In working out this proposal the United States has been guided by four general principles:

(*A*) The elimination of all capital ship building programs, either actual or projected.

(*B*) Further reduction through the scrapping of certain of the older ships.

(*C*) That regard should be had to the existing naval strength of the conferring Powers.

(*D*) The use of capital ship tonnage as the measurement of strength for navies and a proportionate allowance of auxiliary combatant craft prescribed.

Capital Ships

UNITED STATES

1. The United States to scrap all new capital ships now under construction and on their way to completion. This includes 6 battle

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[54] Not printed.

[55] Reprinted from *Conference on the Limitation of Armament*, p. 78.

cruisers and 7 battleships on the ways and building, and 2 battleships launched.

NOTE.—Paragraph 1 involves a reduction of 15 new capital ships under construction, with a total tonnage when completed of 618,000 tons. Total amount of money already spent on 15 capital ships, $332,000,000.

2. The United States to scrap all battleships up to, but not including, the *Delaware* and *North Dakota*.

NOTE.—The number of old battleships scrapped under paragraph 2 is 15; their total tonnage is 227,740 tons. The grand total of capital ships to be scrapped is 30, aggregating 845,740 tons.

GREAT BRITAIN

3. Great Britain to stop further construction of the 4 new *Hoods*.

NOTE.—Paragraph 3 involves a reduction of 4 new capital ships not yet laid down, but upon which money has been spent, with a total tonnage when completed of 172,000 tons.

4. In addition to the 4 *Hoods*, Great Britain to scrap her pre-dreadnaughts, second-line battleships, and first-line battleships up to but not including the *King George V* class.

NOTE.—Paragraph 4 involves the disposition of 19 capital ships (certain of which have already been scrapped) with a tonnage reduction of 411,375 tons. The grand total of ships scrapped under this agreement will be 583,375 tons.

JAPAN

5. Japan to abandon her program of ships not yet laid down, viz, the *Kii*, *Owari*, *No. 7*, *No. 8*, battleships, and *Nos. 5*, *6*, *7*, and *8*, battle cruisers.

NOTE.—Paragraph 5 does not involve the stopping of construction on any ship upon which construction has begun.

6. Japan to scrap 3 battleships: the *Mutsu* launched, the *Tosa* and *Kaga* building; and 4 battle cruisers: the *Amagi* and *Akagi* building, and the *Atago* and *Takao* not yet laid down but for which certain material has been assembled.

NOTE.—Paragraph 6 involves a reduction of 7 new capital ships under construction, with a total tonnage when completed of 289,100 tons.

7. Japan to scrap all predreadnaughts and capital ships of the second line. This to include the scrapping of all ships up to but not including the *Settsu*.

NOTE.—Paragraph 7 involves the scrapping of 10 older ships with a total tonnage of 159,828 tons. The grand total reduction of tonnage on vessels existing, laid down, or for which material has been assembled is 448,928 tons.

FRANCE AND ITALY

8. In view of certain extraordinary conditions due to the World War affecting the existing strengths of the navies of France and Italy, the United States does not consider necessary the discussion at this stage of the proceedings of the tonnage allowance of these nations, but proposes it be reserved for the later consideration of the Conference.

OTHER NEW CONSTRUCTION

9. No other new capital ships shall be constructed during the period of this agreement except replacement tonnage as provided hereinafter.

10. If the terms of this proposal are agreed to then the United States, Great Britain, and Japan agree that their navies, three months after the making of this agreement, shall consist of the following capital ships:

LIST OF CAPITAL SHIPS

United States		Great Britain	Japan
Maryland		Royal Sovereign	Nagato
California		Royal Oak	Hiuga
Tennessee		Resolution	Ise
Idaho		Ramillies	Yamashiro
Mississippi		Revenge	Fu-So
New Mexico		Queen Elizabeth	Settsu
Arizona		Warspite	Kirishima
Pennsylvania		Valiant	Haruna
Oklahoma		Barham	Hi-Yei
Nevada		Malaya	Kongo
Texas		Benbow	
New York		Emperor of India	
Arkansas		Iron Duke	
Wyoming		Marlborough	
Utah		Erin	
Florida		King George V	
North Dakota		Centurion	
Delaware		Ajax	
		Hood	
		Renown	
		Repulse	
		Tiger	
Total	18	22	10
Total tonnage	500,650	604,450	299,700

DISPOSITION OF OLD AND NEW CONSTRUCTION

11. Capital ships shall be disposed of in accordance with methods to be agreed upon.

REPLACEMENTS

12. (*a*) The tonnage basis for capital ship replacement under this proposal to be as follows:

United States	500,000 tons
Great Britain	500,000 tons
Japan	300,000 tons

(*b*) Capital ships 20 years from date of completion may be replaced by new capital ship construction, but the keels of such new construction shall not be laid until the tonnage which it is to replace is 17 years of age from date of completion. Provided, however, that the first replacement tonnage shall not be laid down until 10 years from the date of the signing of this agreement.

(*c*) The scrapping of capital ships replaced by new construction shall be undertaken not later than the date of completion of the new construction and shall be completed within 3 months of the date of completion of new construction; or if the date of completion of new construction be delayed, then within 4 years of the laying of the keels of such new construction.

(*d*) No capital ships shall be laid down during the term of this agreement whose tonnage displacement exceeds 35,000 tons.

(*e*) The same rules for determining tonnage of capital ships shall apply to the ships of each of the Powers party to this agreement.

(*f*) Each of the Powers party to this agreement agrees to inform promptly all of the other Powers party to this agreement concerning:

(1) The names of the capital ships to be replaced by new construction;
(2) The date of authorization of replacement tonnage;
(3) The dates of laying the keels of replacement tonnage;
(4) The displacement tonnage of each new ship to be laid down;
(5) The actual date of completion of each new ship;
(6) The fact and date of the scrapping of ships replaced.

(*g*) No fabricated parts of capital ships, including parts of hulls, engines, and ordnance, shall be constructed previous to the date of authorization of replacement tonnage. A list of such parts will be furnished all Powers party to this agreement.

(*h*) In case of the loss or accidental destruction of capital ships they may be replaced by new capital ship construction in conformity with the foregoing rules.

Auxiliary Combatant Craft

13. In treating this subject auxiliary combatant craft have been divided into three classes:

(*A*) Auxiliary surface combatant craft.
(*B*) Submarines.
(*C*) Airplane carriers and aircraft.

(A) AUXILIARY SURFACE COMBATANT CRAFT

14. The term auxiliary surface combatant craft includes cruisers (exclusive of battle cruisers), flotilla leaders, destroyers, and all other surface types except those specifically exempted in the following paragraph.

15. Existing monitors, unarmored surface craft, as specified in paragraph 16, under 3,000 tons, fuel ships, supply ships, tenders, repair ships, tugs, mine sweepers, and vessels readily convertible from merchant vessels are exempt from the terms of this agreement.

16. No new auxiliary combatant craft may be built exempt from this agreement regarding limitation of naval armaments that exceed 3,000 tons displacement and 15 knots speed, and carry more than four 5-inch guns.

17. It is proposed that the total tonnage of cruisers, flotilla leaders, and destroyers allowed each Power shall be as follows:

For the United States	450,000 tons
For Great Britain	450,000 tons
For Japan	270,000 tons

Provided, however, that no Power party to this agreement whose total tonnage in auxiliary surface combatant craft on November 11, 1921, exceeds the prescribed tonnage shall be required to scrap such excess tonnage until replacements begin, at which time the total tonnage of auxiliary combatant craft for each nation shall be reduced to the prescribed allowance as herein stated.

Limitation of new construction

18. (*a*) All auxiliary surface combatant craft whose keels have been laid down by November 11, 1921, may be carried to completion.

(*b*) No new construction in auxiliary surface combatant craft except replacement tonnage as provided hereinafter shall be laid down during the period of this agreement; provided, however, that such nations as have not reached the auxiliary surface combatant craft tonnage allowances hereinbefore stated may construct tonnage up to the limit of their allowance.

Scrapping of old construction

19. Auxiliary surface combatant craft shall be scrapped in accordance with methods to be agreed upon.

(B) SUBMARINES

20. It is proposed that the total tonnage of submarines allowed each Power shall be as follows:

For the United States	90,000 tons
For Great Britain	90,000 tons
For Japan	54,000 tons

Provided, however, that no Power party to this agreement whose total tonnage in submarines on November 11, 1921, exceeds the prescribed tonnage shall be required to scrap such excess tonnage until replacements begin, at which time the total tonnage of submarines for each nation shall be reduced to the prescribed allowance as herein stated.

Limitation of new construction

21. (*a*) All submarines whose keels have been laid down by November 11, 1921, may be carried to completion.

(*b*) No new submarine tonnage except replacement tonnage as provided hereinafter shall be laid down during the period of this agreement; provided, however, that such nations as have not reached the submarine tonnage allowance hereinbefore stated may construct tonnage up to the limit of their allowance.

Scrapping of old construction

22. Submarines shall be scrapped in accordance with methods to be agreed upon.

(C) AIRPLANE CARRIERS AND AIRCRAFT [56]

AIRPLANE CARRIERS

23. It is proposed that the total tonnage of airplane carriers allowed each Power shall be as follows:

United States	80,000 tons
Great Britain	80,000 tons
Japan	48,000 tons

[56] See paragraph 27, p. 60.

Provided, however, that no Power party to this agreement whose total tonnage in airplane carriers on November 11, 1921, exceeds the prescribed tonnage shall be required to scrap such excess tonnage until replacements begin, at which time the total tonnage of airplane carriers for each nation shall be reduced to the prescribed allowance as herein stated.

Limitation of new construction

24. (*a*) All airplane carriers whose keels have been laid down by November 11, 1921, may be carried to completion.

(*b*) No new airplane carrier tonnage except replacement tonnage as provided herein shall be laid down during the period of this agreement; provided, however, that such nations as have not reached the airplane carrier tonnage hereinbefore stated may construct tonnage up to the limit of their allowance.

Scrapping of old construction

25. Airplane carriers shall be scrapped in accordance with methods to be agreed upon.

Auxiliary Combatant Craft

REPLACEMENTS

26. (*a*) Cruisers 17 years of age from date of completion may be replaced by new construction. The keels for such new construction shall not be laid until the tonnage it is intended to replace is 15 years of age from date of completion.

(*b*) Destroyers and flotilla leaders 12 years of age from date of completion may be replaced by new construction. The keels of such new construction shall not be laid until the tonnage it is intended to replace is 11 years of age from date of completion.

(*c*) Submarines 12 years of age from date of completion may be replaced by new submarine construction, but the keels of such new construction shall not be laid until the tonnage which the new tonnage is to replace is 11 years of age from date of completion.

(*d*) Airplane carriers 20 years of age from date of completion may be replaced by new airplane carrier construction, but the keels of such new construction shall not be laid until the tonnage which it is to replace is 17 years of age from date of completion.

(*e*) No surface vessel carrying guns of caliber greater than 8 inches shall be laid down as replacement tonnage for auxiliary combatant surface craft.

(*f*) The same rules for determining tonnage of auxiliary combatant craft shall apply to the ships of each of the Powers party to this agreement.

(*g*) The scrapping of ships replaced by new construction shall be undertaken not later than the date of completion of the new construction and shall be completed within 3 months of the date of completion of the new construction, or, if the completion of new tonnage is delayed, then within 4 years of the laying of the keels of such new construction.

(*h*) Each of the Powers party to this agreement agrees to inform all of the other Powers party to this agreement concerning:

(1) The names or numbers of the ships to be replaced by new construction;
(2) The date of authorization of replacement tonnage;
(3) The dates of laying the keels of replacement tonnage;
(4) The displacement tonnage of each new ship to be laid down;
(5) The actual date of completion of each new ship;
(6) The fact and date of the scrapping of ships replaced.

(*i*) No fabricated parts of auxiliary combatant craft, including parts of hulls, engines, and ordnance will be constructed previous to the date of authorization of replacement tonnage. A list of such parts will be furnished all Powers party to this agreement.

(*j*) In case of the loss or accidental destruction of ships of this class they may be replaced by new construction in conformity with the foregoing rules.

Aircraft

27. The limitation of naval aircraft is not proposed.

Note.—Owing to the fact that naval aircraft may be readily adapted from special types of commercial aircraft, it is not considered practicable to prescribe limits for naval aircraft.

General Restriction on Transfer of Combatant Vessels of All Classes

28. The Powers party to this agreement bind themselves not to dispose of combatant vessels of any class in such a manner that they later may become combatant vessels in another navy. They bind themselves further not to acquire combatant vessels from any foreign source.

29. No capital ship tonnage nor auxiliary combatant craft tonnage for foreign account shall be constructed within the jurisdiction of any one of the Powers party to this agreement during the term of this agreement.

MERCHANT MARINE

30. As the importance of the merchant marine is in inverse ratio to the size of naval armaments, regulations must be provided to govern its conversion features for war purposes.

500.A4/286 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *November 17, 1921—9 p. m.*

[Received 11 p. m.]

390. In a conversation by appointment today with Prime Minister Takahashi in his official residence, we discussed the attitude of the Japanese Government toward the proposals of the United States. He said his Government had approved formally the proposal relating to limitation of armament in its general aspects, but had instructed its delegation in Washington regarding some details, some clauses as to ships to be scrapped and ships to be kept in commission. Replying to a direct question as to whether the Japanese Government was content with the proportions allotted to the three countries, he said that it was, with slight modifications. I asked Takahashi if there is any great difference in opinions to adjust and he said no, there remain only some details for experts.

I informed Prime Minister Takahashi that I had talked with Hara [57] about China and Siberia, and I asked if any new instructions on Far Eastern questions would be given. He said no, that he agreed with Hara's policies, that he was prepared to make an agreement for free and equal opportunity for trade in China, wanted to assist in helping her, and in general favored the open-door policy and would agree to put practical inauguration of the principle into effect. I asked if he felt there would be much difficulty in finding a common policy on Far Eastern problems and he said no. His thoughts constantly turned toward the financial aspect. He mentioned the great saving to be brought about by the sweeping character of the proposals and stated that he would be [pleased?] if economic questions would be considered after the other problems were disposed of. He talked at length on these questions.

The press discussions continue to be very favorable and opinions of the leading men are very satisfactory. I am to talk with Uchida [58] tomorrow afternoon.

WARREN

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[57] Takashi Hara, formerly Japanese Prime Minister.
[58] Yasuya Uchida, Japanese Minister of Foreign Affairs.

500.A4b/547½

Memorandum by the French Delegation [58a]

[Translation]

No. 8 WASHINGTON, *November 19, 1921.*

NOTE ON THE NAVAL SITUATION OF FRANCE

The number of capital ships of the French Navy is fixed by law.

The last law of the naval program provided for a force of 28 ships of the line without specifying their tonnage.

In 1914, this program was about to be brought into effect with 23 iron clad ships in commission, three almost completed and five being built to fulfill the provided number and replace antiquated ships.

The provisions for beginning construction up to 1919 are shown in the following statement:

1915	3
1917	2

By article 2 the law provided that every ship was to be automatically replaced after twenty years.

But for the war which brought to a complete stop the navy yard activities, the program would now be completed and the fleet of France would have twenty-eight " capital ships ".

Since the armistice the French Navy has reduced its power by:

(*a*) Eliminating	143,655	tons of predreadnoughts
(*b*) Giving up	126,000	tons of ships partly built but not completed
(*c*) Relinquishing the construction of	155,000	tons of capital ships provided by the law of 1912
	120,000	tons of replacement ships
Altogether	544,655	tons of capital ships have already been withdrawn from the fleet.

At this time the French Navy only has seven ships of the line in the Mediterranean (164,500 tons) and three others in the north at Cherbourg (56,670 tons) aggregating 221,170 tons.

It reduced its power to such a proportion that its tonnage is only 29 per cent of what it would be if the program approved and prog-

[58a] French original of this memorandum not found in Department files.

ress at the time war was declared had been carried on.* The program called for twenty-eight capital ships to be kept and replaced after twenty years service.

For the present we only contemplate building light ships, cruisers, torpedo destroyers, torpedo boats and submarines.

The first installment of these light units referred to the Parliament and approved by the Chamber of Deputies includes three light cruisers, six torpedo destroyers, 12 torpedo boats, 12 submarines,—1 aircraft carrier.

For several years to come we must devote the action of our yards exclusively to the building of those light units but the situation of the yards and especially the condition of the financial resources of France will not permit of an accurate general program of construction being framed at this time. It may only be remarked that the ten capital ships which are now in commission will reach the end of their life on and after 1930 and that therefore the building of ships to take their place ought to be begun in 1927.

That limit of time agrees with that provided for the life of the ships in the propositions brought into the Conference.

But we were so brought down to a situation lower than that which is indispensable for the safety of the country.

It must indeed be borne in mind that France must provide for her safety on three sea fronts, the Atlantic Ocean and North Sea, the Mediterranean, and the colonies. The first is separated from the second by a distance of about 1700 miles, a little more than one half of the width of the Atlantic Ocean and one third of the distance from San Francisco to Key West. They are separated by straits, Gibraltar, which do not belong to France.

The second represents the connecting link between France and Algeria, which is an important part of the country, Tunis and Morocco and we cannot entertain the idea of being cut down on that side.

Our colonies have a population of fifty-nine million as against thirty-nine million in France proper. They are to us a granary, our communications with which cannot be stopped without threatening our food stock and supplies.

The uncertainty of the situation in Germany, Russia and the East demand that we should preserve our ability to exercise naval action.

For all those reasons the reorganization of her navy is a matter of urgent interest to France.

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* The proportions resulting from the American propositions are 37 per cent for the navy of the United States and 39 per cent for the Japanese navy. [Footnote in file copy.]

500.A4/287 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *November 19, 1921—noon.*
[Received November 19—9 : 25 a. m.]

392. My 390. In a conversation by appointment yesterday evening with Uchida, he said the Cabinet in general was satisfied with the proposals of the United States as to armament but had left details to Admiral Kato.[59] He added that the proposals and methods suggested had not aroused important opposition in Japan and that the Japanese Government would not register with Admiral Kato any objection, but thought that there should be slight modifications.

He was most optimistic as to Chinese questions. He did not anticipate serious difficulty in arriving at a common understanding with other countries but thought that the present situation of China's Government made it hard to deal with her.

We talked in detail of questions and he retained confident attitude that Japan could agree with the other powers on Far Eastern questions. He said he would submit the proposals and Admiral Kato's reports to the Diplomatic Advisory Council on November 22 and expected no difficulty with that body.

WARREN

500.A492/176a : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *November 19, 1921—7 p.m.*

199. Your telegram 390, November 17, 9 p. m. In yesterday's press appears what purports to be an official announcement of the Japanese position with respect to naval limitation given out by Admiral Baron Kato:—" Because of her geographical position, Japan deems it only fair at the present time that the other interested countries should agree that she maintain a proportion in general tonnage slightly greater than 60 percent, and, in a type of vessel of strictly defensive character, she might desire even to approximate that of the greater navies." You should in your discretion do the utmost to influence the Japanese Government not to insist upon an alteration of the proposed ratio of 10 capital ships each for the United States and Great Britain to 6 for Japan, which this Government regards as essential.

This Government finds the alternatives to be either competition in production or stopping where we are. We have not selected a

[59] Admiral Baron Tomosaburo Kato, Minister of the Navy and head of the Japanese delegation to the Conference.

ratio for Japan but have taken the existing naval strength as it stands, after proper inclusion of the extent of construction already effected in the case of ships in process. The basis of measurement as advised by our experts is the tonnage of capital ships, that is, of battle ships and battle cruisers, and we do not understand that the propriety of taking this measure is contested. Auxiliary craft, including the lighter craft, and submarines can form the subject of separate consideration as these may have proper relation to the capital ships allowed. We have not made the calculations narrowly for the purpose of obtaining an advantage over Japan, but, on the contrary, have made the estimate liberal. On the basis of existing strength of capital ships, including the extent of construction of ships in process, the ratio would be nearer 10–5 than 10–6, but we suggested 10–6 to be very liberal. To suggest a greater ratio than this on general assumptions of national needs is simply to go back to competitive building and it is virtually a rejection of the entire proposal. The proposal is manifestly not unfair to Japan.

In opening the Conference on November 12, I had occasion to state as follows the basis of the American Proposals:

"Four general principles have been applied:

(1) That all capital-ship building programs, either actual or projected, should be abandoned;

(2) That further reduction should be made through the scrapping of certain of the older ships;

(3) That in general regard should be had to the existing naval strength of the Powers concerned;

(4) That the capital ship tonnage should be used as the measurement of strength for navies and a proportionate allowance of auxiliary combatant craft prescribed."

After this statement Baron Kato informed the Conference that the American proposals were accepted in principle. As soon as there is agreement as to capital ships, we can take up for suitable arrangement the whole question of auxiliary craft.

HUGHES

500.A41a/134

Memorandum by the Under Secretary of State (Fletcher) of a Conversation with Senator Albertini, of the Italian Delegation

[WASHINGTON,] *November 23, 1921.*

NAVAL ARMAMENT

Senator Albertini called this morning and stated that Italy was concerned on the question of Naval Armament; that they were ready to reduce their Naval Armament to zero, if France would do the

same; that under the American proposals he feared that after the ten year period, France would be in a stronger position than themselves and that it would be impossible for the Italian Delegation to return to Italy without having arranged for a parity with France in naval strength, both present and future. He seemed quite sure that Italy would accept the principle of "stop now".

Consortium

He stated also that Italy was very anxious to be included in the Consortium [60] and asked whether this matter could be brought before the Conference. I suggested that the matter be dealt with informally with the representatives of all Powers concerned and that I anticipated that there would be no difficulty on the part of anyone and that I could easily see where it would be an advantage for both Italy and the United States, if we have the benefit of Italy's support on the principle of the open door in China in a practical way.

Petroleum and Cables

He asked if the petroleum question would come up in view of the fact that mandates were mentioned in the agenda. I told him that I did not believe so, except as the principle underlying all mandates would be involved in the settlement of the Yap mandate.[61] I took occasion to refer in this connection to the tripartite agreement and the feeling that the United States should not be discriminated against in mandated or other former enemy territories, and referred specifically to the Italian and French spheres of influence in Asia Minor where we were interested upon the principle of the open door and equality of commercial opportunity. He agreed that this was but fair. He also asked whether the question of cables would be brought up and I told him that I thought that cable matters in the Pacific would probably figure in the discussions and that an agreement had practically been reached with reference to allocation of ex-German cables in the Pacific and that we anticipated little difficulty on that subject. He then referred to the distribution of the ex-German cables in the Atlantic and direct cable communication with Italy, and I told him that I hoped that opportunity would be afforded to discuss these matters informally outside the Conference and perhaps advance them towards a solution.

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[60] For the Italian Embassy's memorandum of Nov. 22, 1921, on this subject, and the Department's reply of Nov. 30, 1921, see *Foreign Relations*, 1921, vol. I, pp. 371–372.

[61] For papers relating to this subject, see *ibid.*, vol II, pp. 263 ff.

500.A4/301 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *November 23, 1921—11 a. m.*
[Received November 23—6 a. m.]

396. Diplomatic Advisory Council met yesterday as stated in my 392. It did not conclude its sessions. They will be resumed tomorrow.

The subject matter of your 199, November 19, is one of the questions being discussed. I have talked much with leaders and can see no reason for making great concessions to Kato as here strongest desire is for an agreement. If Kato takes an extreme position, I do not believe he will eventually [be] supported.

You might inform me concerning the present status so that I can more intelligently discuss the matter upon conclusion of meeting of Diplomatic Advisory Council.

WARREN

500.A4/301 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *November 27, 1921—10 p. m.*

202. Your 396, November 23, 11 a. m.

The tactical situation in so far as regards the naval limitation is as follows:

Britain and the United States agree on all major points. The Japanese are unable to justify their demand for a 10 to 7 ratio by any facts. They seem to be preparing to stand on the premise that ships under construction should not be included in estimating existing naval strength. This premise is entirely inadmissible, as it would mean that the United States would not only give up ships on which she has spent over $330,000,000 but would not be allowed to count this investment in actual construction in determining the ratio of naval strength. There is no question of what American public opinion would think of such a proposal.

There is some tendency to question our figures, but these are unassailable. The effort is simply one to get a better position, and is destructive of the basis of the American proposal.

You may make this clear. To preserve the general good will, our people have not thus far been informed of the situation. I suggest that you communicate to the proper persons, in such manner as seems advisable to you, the fact that a stand of this sort on the part of

Japan would be taken by the people of the United States very seriously.

Explain clearly that there is no value in suggestions of agreement in principle if this fundamental principle as to existing strength is not admitted, and that opposition on this point must inevitably be taken to mean refusal of the American proposal.

HUGHES

500.A4/309 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *November 30, 1921—5 p.m.*

[Received 10:40 p.m.]

403. Your 202 of November 27, 10 p.m. An attempt has been made to organize a newspaper demand for fixed ratio of 10 to 7. Apparently it was inspired by the Japanese delegates in Washington through correspondents there, and continued in Japan by the Navy Department and by interested outside persons. It evidently was not directed by the political side of the Government and lacks force. However, several papers stated the Diplomatic Advisory Council had taken a definite stand for the 10 to 7 ratio and that the delegation in Washington had been so advised by the Foreign Office. I talked with Uchida by appointment and asked if there had been such a decision. He told me that no such decision had been reached, that no such instructions had been given, that Japan accepted the proposal in principle and had left the details to Kato, as he is the naval authority of the Government.

This gave me a chance to bring up the situation referred to in your 202. I stated that acceptance in principle was thought to embrace the basis for estimating present strength, that the American people could not be expected to agree to scrap so much tonnage under construction unless it was taken into consideration in estimating present strength.

I next covered the other points in your cable. He stated he understands that you, Kato, and Balfour were discussing questions and were progressing well but that ratio was not the only question, that other considerations were involved and that that evidently was one for the experts. I asked if he meant Pacific fortifications were involved, but he did not desire to go further into what he called details for the experts. He gave me the impression that it had not been his intention to make that statement.

I think I made clear to Uchida that the matter should not be permitted to go before the whole Conference. There Japan would

be placed in a position of opposition to the proposal which the world thought had been accepted with slight adjustments to be made by express agreement.

WARREN

500.A4b/548½

Memorandum by the Japanese Naval Experts

[WASHINGTON,] *November 30, 1921.*

1. At the Second Plenary session of the Conference, Baron Kato, as Plenipotentiary Delegate for Japan, expressed his approval of the American proposal in general, and made a declaration of his determination to carry out a drastic reduction in naval armaments. At the same time, he stated that, in making a more detailed study of the proposal, it would be necessary to take into consideration the question of national security and that certain modifications in tonnage basis will be proposed later.

At the first meeting of the sub-committee on Limitation of Armaments,[63] the Chief of the Japanese Naval Experts, acting under instruction of Baron Kato, declared that the ratio of 70 per cent for Japan is deemed absolutely necessary. This demand, we believe, is in accord with the spirit of safe-guarding the interests of

[63] With despatch no. 1962, July 31, 1936, the Ambassador in Japan enclosed a translation of note no. 65, July 29, 1936, from the Japanese Minister for Foreign Affairs, containing the following statements:

"(1) . . . at the first naval sub-committee meeting held at the Pan-American Building on November 16, 1921, at 11 a.m., Vice Admiral Hiroharu Kato, chairman of the technical committee, made the following statements:

'(*a*) I am of the opinion that a State has an inherent right to maintain armaments for the security of the State itself and for its defense and that these armaments must, in so far as the limits of defensive operations are concerned, be determined by the will and judgment of such State to meet the requirements of its own security.

'(*b*) Japan cannot accept a sixty per cent ratio for the reason that with strength of less than seventy per cent she fears for her security and defense.

'(*c*) Though the ratio of naval strength of Great Britain, the United States, and Japan be defined, according to the American proposal, at 10:10:6, Japan nevertheless asserts a need of more than seventy per cent, although she does not claim parity with Great Britain and the United States. As regards aircraft carriers, Japan claims parity with Great Britain and the United States for her defense, because of her geographical position and special circumstances.

'(*d*) The battleship *Mutsu* should be preserved because already built.'

(2) With regard to the meeting of chief delegates of the United States, Great Britain, and Japan on November 19, 1921, . . . on the afternoon of November 19, 1921, Vice Admiral Kato, chief delegate of Japan, had an interview at the Department of State with Mr. Hughes and Mr. Balfour in compliance with a request from Mr. Hughes. In this interview, views were exchanged among the three chief delegates over the 5:5:3 ratio but no agreement was reached. Vice Admiral Kato made a reservation as regards the American proposal, and in accordance with the agreed procedure of the Conference he proposed a meeting of experts of the three Powers that they might deliberate upon a method of fixing naval strength through study rather than by negotiation. This proposal was approved by Great Britain and the United States."

all concerned, as expounded in the Preamble of the original Hughes proposal.

Subsequently, at a meeting of three delegates representing Japan, United States and Great Britain, Mr. Hughes argued that the ratio of 5, 5, and 3 is based upon existing strength and that any modification will mean destruction of the original proposal. In response Baron Kato stated that it would not be possible for him under any circumstance to set aside the principle of national security. To facilitate progress of the Conference, however, he suggested that the experts of the three nations should be instructed to exchange with each other the results of their investigations concerning existing strength, and to make a most careful study from purely technical viewpoint. It was in this manner that these meetings have been called, and consequently it must be understood that the main contention of Japan for the minimum of 70 per cent, based upon her national security, is not to be affected by any result of these meetings.

2. Concerning the term "existing strength", there is no common definition among the different navies. In order to calculate the existing strength, therefore, it is necessary, first of all, to define the exact meaning of this term; otherwise it would be quite useless to argue concerning correctness of any calculation. For this reason Japan has asked American experts, time and again, for a definition of existing strength, but, to their regret, the American replies failed to define the term and gave simply the method by which their calculations were made. The reply of the American expert[s] was that according to their viewpoint, the existing strength is measured by the tonnage of dreadnaughts, built and building. On the other hand, the Japanese experts hold that by existing strength is meant the naval force now in being and in existence, and that it is impossible to recognize as existing strength the uncompleted ships, which are unfit for navigation and naval battle, and which have no capacity for rendering account as fighting units.

Japan greatly appreciates the sincerity of the United States, manifested by her willingness to sacrifice great expenditures by scrapping her ships under construction. It is for this reason that Japan has joined most heartily to make the great sacrifice of scrapping her own ships under construction. But the opinion of the American experts, that these sacrifices should be taken into consideration in calculating the existing strength, is opposite to the opinion held by the Japanese experts. It is true that there are some differences, also, in minor elements, but the chief factor affecting the final result lies on this point. So long as such wide differ-

ences exist in their fundamental viewpoint, it would be absolutely impossible to arrive at an agreement in their calculations.

3. According to the opinion of Japanese experts, there are three methods of calculating existing strength, and the following are the results:

(For details, see the separate table[64]).

		U. S. A.	Japan	
			Japanese classification	American classification
(1)	Pre-Dr. Dr. Sup.-Dr.	100%	76%	*69%
(2)	Dr. Sup.-Dr.	100%	70%	67%
(3)	Sup.-Dr.	100%	86%	86%

Note: If battleships of over 20 years are eliminated in accordance with Hughes' original proposal, the Japanese percentage in (1)* will be 68 per cent.

In (1), existing strength is calculated upon the basis of Japanese understanding of the original Hughes proposal, i. e., correct interpretation of Hughes proposal should include Pre-Dreadnaughts in existing strength.

In (2), existing strength has been calculated by eliminating Pre-Dreadnaughts in accordance with American experts' opinion.

In (3), existing strength has been calculated on the basis of tonnage of Super-Dreadnaughts. The ships with 12″ guns have been eliminated because it is generally recognized by naval experts that these ships are not qualified to be placed in the first line with Super-Dreadnaughts.

In any one of the above calculations, the existing strength for Japan is either about or over 70 per cent as compared with existing strength for United States.

Japanese naval experts are convinced that the existing strength for Japan is easily over 70 per cent in view of the fact that their super-dreadnaughts possess strength of 86% as compared with those of the United States.

4. In summing up: The ratio of 5, 5, and 3, as proposed by United States represents simply the figures calculated by American experts according to their own view-point. According to the calculations of

[64] Annex, *infra*.

Japanese experts, Japan has the strength of about or over 70 per cent. In view of the above, unless it is proved that American basis of calculation is correct and Japanese basis of calculation is incorrect, it would be impossible for the Japanese experts to approve the ratio of 5, 5, and 3, as the correct estimation of existing strength.

[Annex]

Comparison of Naval Strength

		United States		Japan	
		Japanese classification	American classification	Japanese classification	American classification
1	Pre-dreadnaughts Dreadnaughts Super-dreadnaughts	33 ships 728,390 tons 100%	39 ships 797,135 t. 100%	25 ships 550,250 t. 76%	25 ships 549,196 tons *69%
2	Dreadnaughts Super-dreadnaughts	20 ships 532,650 tons 100%	18 ships 500,650 t. 100%	13 ships 375,020 t. 70%	11 ships 334,700 tons 67%
3	Super-dreadnaughts	12 ships 365,000 tons 100%		10 ships 313,300 tons 86%	
	Remarks	If battleships of over 20 years are eliminated in accordance with original Hughes proposal, the Japanese percentage in (1)* will be 68%.			

500.A4b/548½

Memorandum by the American Naval Experts

[Washington, *undated.*]

In reply to the paper submitted by Vice Admiral Kato at the informal meeting of the Naval Advisors on November 30th,[65] the United States Naval Advisors wish first to point out that if relativity is treated from the standpoint of what each nation conceives as its national needs, agreement as indicated by Mr. Hughes would be an impossibility.

There are certain minor points brought up by Vice Admiral Kato, but he says:—

"Japan greatly appreciates the sincerity of the United States, manifested by her willingness to sacrifice great expenditures by

[65] Memorandum by Japanese naval experts, *supra.*

scrapping her ships under construction. It is for this reason that Japan has joined most heartily to make the great sacrifice of scrapping her own ships under construction. But the opinion of the American experts, that these sacrifices should be taken into consideration in calculating the existing strength, is opposite to the opinion held by the Japanese experts. It is true that there are some differences, also, in minor elements, but the chief factor affecting the final result lies on this point."

From Admiral Kato's own statement, as above quoted, it is clear that it is this differential that gives the different ratios indicated by Japan. In her table which follows, though there are minor differences, it is this which has affected the ratios. If tonnage under construction be added as calculated by the United States for the United States, and by Japan for Japan, the percentages will be as given in our previous memoranda. The whole question, therefore, hinges on whether ships under construction should be counted as part of the existing naval strength. This matter the United States Advisors submit is not even susceptible of argument. We have expended over three hundred and thirty millions of dollars on capital ship construction. We have fifteen ships averaging approximately 53% completed and some of them ranging as high as 88%. By no logical process of thought can these be considered as non-existent.

	United States	*Japan*
Ships building	346,374	83,330
Dreadnaughts built	500,650	334,700
Pre-dreadnaughts	227,740	214,496
	1,074,764	632,526
Ratio	100%	59%

Using the Japanese formulae, ⅓ (Pre-dreadnaughts) + ⅔ (dreadnaughts) + (Super-dreadnaughts) + ½ (Ships Building), and raising Japan tonnage to American measurement.

UNITED STATES

⅓ Pre-dreadnaughts (*Michigan* and down)	98,828
⅔ Dreadnaughts (*Wyoming* to *North Dakota*)	90,435
Super-dreadnaughts (*Texas* to *California*)	365,000
½ (Ships building) (*Colorado* to *Ranger*)	173,174
Total	727,437
Ratio	100

JAPAN

⅓ Pre-dreadnaughts (*Aki* and *Settsu* down)	71,499
⅔ Dreadnaughts (*Settsu*)	14,266
Super-dreadnaughts (including *Mutsu* completed as per Japanese tables)	313,300
½ (Ships Building)	41,665
Total	440,730
Ratio	.605 [66]

[66] i. e., 60.5.

500.A4b/547½ Secret

Note by the Secretary to the British Empire Delegation of a Conversation between the Secretary of State and Mr. Balfour, of the British Empire Delegation, December 1, 1921, 3:30 p. m.[66a]

After Mr. Hughes and Mr. Balfour had seen the Conference of the Chinese and Japanese Delegations on the subject of Shantung started,[67] they passed into an adjoining room at the Pan-American Building in order to discuss the question of the Japanese proportion of capital ships. Sir Maurice Hankey was also present.

Mr. Balfour began by giving a very full account of the conversation he had had with Baron Kato in the morning, which has been described in a separate note.[68]

Mr. Hughes then expressed his views. He began by discussing the *Mutsu*, and pointed out that to allow this particular ship to be included would make a bad hole in the American proposal. The *Mutsu* had probably been 98 per cent. completed at the beginning of the Conference. America, however, had several ships in an advanced stage of completion, which, in the event of war, could undoubtedly have been finished off in a month or two. If Japan were allowed to retain the *Mutsu*, America could put in an equally strong claim to retain certain ships in an advanced stage. The British Empire, however, would suffer most, since she would have to lay down and build a new ship.

Mr. Balfour did not deny this.

Mr. Hughes then proceeded to discuss Baron Kato's suggestion for a cessation of fortification in the Pacific. He said that naval and military opinion would be very strongly against this proposal. Naval and military opinion had a way of becoming reflected in Congress and the Senate, as well as in the Press of America. A case would very rapidly be worked up against the proposal, . . . The American people would probably refuse to fetter themselves in regard to their right to fortify their own Possessions. In this connection Mr. Hughes differentiated between the establishment of a base which might be regarded as an offensive work, and the mere fortification for defensive purposes. He then proceeded to outline a plan of his own, explaining that it was a purely personal idea, which he had not laid before his colleagues or the President. This plan was that America and Japan should reciprocally agree that if either one or the other were to desire to erect fortifications in the Pacific, the opposite party should be notified, and should then have the right to terminate the whole of the naval agreement. If, for example, the American public were to insist upon the fortification of Guam, Japan should have the right to denounce the whole arrangement and would be free to build ships. Mr. Hughes

[66a] No agreed official minutes of this conversation were made. The American delegation used the note prepared by Sir Maurice Hankey.

[67] See pp. 339–342 and 934–970.

[68] Not found in Department files.

seemed to think that the American people could be induced to accept an arrangement on these lines. He said, however, that he did not think in fact that they would ever wish to erect these fortifications, and indicated that the proposal was rather a political safeguard than one which was ever likely to be put into effect.

Mr. BALFOUR pointed out that, nevertheless, such an arrangement would react on the other nations which were a party to the agreement, and would introduce a certain element of instability into it.

Mr. HUGHES repeated that the question was never likely to arise.

In the course of the conversation it was pointed out that under Article 2 of the proposed tripartite or quadruple arrangement to replace the Anglo-Japanese Alliance, it was provided that if there should develop between any two of the contracting parties controversies likely to affect the relations of harmonious accord subsisting between them, they would invite the other contracting parties to a joint Conference to which the whole subject-matter would be referred for consideration and adjustment.[69] The suggestion arose that a desire on either side to erect fortifications might be dealt with under this Article, and that a Conference would therefore probably take place before the arrangement came to an end.

Eventually, however, it was agreed that Mr. Hughes should sound the President and his colleagues in regard to the proposal, and that in the meantime no mention of it should be made by Mr. Balfour to Baron Kato.

M. P. A. HANKEY

WASHINGTON, *December 1, 1921.*

500.A4b/547½ Secret

Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Department of State, December 2, 1921, 5:30 p. m. to 7:30 p. m.[70]

PRESENT:—
Mr. Hughes
Mr. Balfour
Baron Kato

Sir Maurice Hankey and Mr. . . . .
(Japanese interpreter) were also present.

Mr. HUGHES opened the conversation by stating that he had received a report of the failure of the technical experts to agree in

[69] See the undated draft by Ambassador Shidehara, p. 4.

[70] No agreed official minutes of this conversation were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.
The file copy of this memorandum bears the notation: "Sir Maurice Hankey's draft as revised by C[harles] E. H[ughes] and by Mr. Balfour". Secretary Hughes' corrections were apparently made on an earlier copy not found in the files. Mr. Balfour's corrections are initialed on the file copy. Words crossed out by Mr. Balfour are indicated by canceled type; words which he inserted are printed in *italics*.

regard to the proportion of capital ships to be assigned to Japan. No doubt his colleagues had received the same report. It seemed that there was no important difference between the experts as to the facts, that is, as to the calculations themselves, but rather as to principle. It appeared to him that the result of the technical enquiry was to leave the decision to be taken on lines of broad policy rather than on technical grounds. The best plan, therefore, had seemed to him to be that the three Heads of Delegations should meet together to talk the matter over in a friendly way.

Mr. Balfour recalled his own conversation on the previous day with Baron Kato, which he had fully reported to Mr. Hughes. In the course of this conversation Baron Kato had indicated a possibility that it might help him in accepting the 60 per cent. ratio if an agreement could be made for the maintenance of the status quo in the Pacific in regard to the matter of fortification. Possibly this would be a good point at which to start the discussion.

Mr. Hughes said it would be useful to him to hear very fully from Baron Kato himself how he felt on this matter. He thought that if each side could make his point of view perfectly clear it would help towards a settlement.

Baron Kato then proceeded very frankly to state his own position in the matter, explaining that he did so in no controversial spirit, but because he desired that Mr. Hughes should fully understand his point of view and his difficulties. He began by explaining that he would state his case in rather a different order to that which he had used in explaining the matter to Mr. Balfour, but that the points he made would probably be the same. He recalled that during the last 12 or 18 months there had been a certain reaction in Japan against the burden of armaments. He thought that the same manifestations had occurred in the United States of America and the British Empire. The consequence was that when, in March last, he had been approached by a representative of the Associated Press who asked him whether Japan was ready for a general measure of limitation of armaments, he had replied in the affirmative, and he had indicated that Japan might be ready to give up part of her 8-and-8 programme of capital ships. Baron Kato then recalled that relations between Japan and the United States of America had not been as good as he himself would desire them to be during the last few years. There had, however, been a distinct improvement during the last year or so, and this had been especially marked since the present Administration had come into office in the United States of America. Consequently, when he himself came to Washington he had arrived with a double determination, first, to obtain a real limitation of naval armaments, and, second, to secure a definite and permanent improve-

ment in the relations of the two countries. When he had heard Mr. Hughes' scheme he had at first hardly been able to realise its full purport, but his immediate second thoughts had been that it was essential to accept it in principle. He had asked his colleagues on the Delegation to meet him, and had strongly impressed this upon them. He had also instructed his naval experts to examine the scheme in this spirit, and had reported in the same sense to Tokio. From his experts he had received no less than seven reports of criticisms on the American proposals. He had rejected all these except two, and only two remained. At this point Baron Kato stated that he definitely associated himself in the views of his technical experts. The ratio of 10–10–7 which the Japanese experts had supported had, as a matter of fact, been worked out some time ago in Tokio. Moreover, these views were supported by the Japanese Government and Parliament. On the present occasion, however, he had no desire to argue the question on technical issues, as such a controversy was likely to lead to no result. He would only say that he himself believed that Japan was entitled to a ratio of 70 per cent. in capital ships. As an instance he also referred to the question of the Mutsu. He recalled that this ship had been practically completed some months ago; that she had steamed 500 miles under her own steam; and, finally, that she had been put in commission two days ago, and was about to join the active fleet. To put her on the scrap heap would be most difficult for him to justify, and very unwelcome to public opinion in Japan. In these circumstances he had had to ask himself, supposing he were willing to concede the 60 per cent., by what arguments could he justify it to his own people? Unless he could completely satisfy them, the concession to the American point of view in regard to the 60 per cent. ratio in capital ships and the Mutsu would rankle in the minds of the Japanese people and leave public opinion in a state which was contrary to that good feeling between the two peoples which was an essential part of a real settlement and which he himself so warmly desired. He had pondered deeply over these matters during the last few days, with the result that he felt in a condition of the utmost difficulty and doubt. He would like to be helped by suggestions as to how he could justify himself to his own people. It was in these circumstances that he had had his conversation with Mr. Balfour. Baron Kato admitted that the conclusion of the proposed quadruple agreement in regard to the Pacific would be of great assistance to him. Yet another thought had occurred to him which might help matters. He had noticed that whenever news was received in Japan of the erection of fortifications in the American islands in the Pacific it had caused a feeling of alarm and apprehension. It would therefore be of great

assistance if an agreement could be reached to maintain the status quo in the Pacific in regard to the fortification and the creation of naval bases. What would help him would be if the United States of America could agree not to increase the fortifications or the naval bases at Guam, the Philippine Islands and Hawaii. If this could be conceded, Japan on her part would agree not to fortify the four islands named to Mr. Balfour. (The islands named to Mr. Balfour by Baron Kato were:—Formosa, the Pescadores and Oshima.[71]) Even if this were granted, however, Baron Kato said he would have considerable difficulty in accepting the 60 per cent.

Mr. Hughes began by thanking Baron Kato very warmly for the very frank and full exposition he had given of his own difficulties. He felt that this would be of very great assistance towards reaching an agreement, and he wished to say that he himself appreciated the difficulties of Baron Kato's position. He thought, however, that it would help matters if he himself were to set forth equally clearly and frankly the American point of view on this question. Mr. Hughes said that he fully reciprocated Baron Kato's desire for improved relations between Japan and the United States of America. He was certain that no American Administration had ever desired anything except good relations with Japan, but, speaking for himself, he could say definitely that from the first moment of assuming office it had been his earnest desire to establish good relations. He could assure Baron Kato that there was nothing which the American people more desired than to live in amicable relations with the Japanese people.

At this point Mr. Hughes said he thought it would be useful to Baron Kato if he explained what his thought had been in proposing the ratio of 60 per cent. for Japan. In introducing this subject he said that in the American view Japan was placed in an extraordinarily favourable position under these proposals as compared with the other two Powers. America, for example, had two coast lines, and her fleet was normally divided between these. The two detachments could not be concentrated on either side unless absolute security could be felt in regard to the opposite coast. For the British Empire he could hardly venture to speak in the presence of Mr. Balfour, who had himself eloquently explained the British dependence on sea-power and on long lines of maritime communications in the speech he had made in an open meeting. Japan, however, was in the fortunate position of possessing no great Naval Power as a near neighbour. In fact, she had absolutely nothing to fear from any of the countries in her vicinity, and had not anything like the same dependence on sea communications as Great Britain. It was.

[71] See Sir Maurice Hankey's letter of Jan. 17, 1922, p. 246.

however, to escape a general discussion as to national needs that the American Government had taken, as a basis of its proposal, the existing naval strength. This showed the actual ratio. Not only was it entirely fair to take existing naval strength but it was also pointed out that Japan was not in a position to change the relative strength, for if Japan built more ships the United States was also able to build and to maintain the ratio as it was.

Further, the American Government felt that in calculating the existing naval strength it was impossible to overlook ships which were actually under construction. They had not treated these ships as fully constructed but had counted simply the actual percentage of construction which had been effected. Thus, a ship 90 per cent. constructed was taken at 90 per cent., not at 100 per cent. Similarly with a ship 80 per cent. or 50 per cent. constructed, and so on, according to the degree of completion. It was impossible to ignore facts, and what was actually constructed could not be treated as non-existent.

For example, in case of emergency, if a ship were 90 per cent. constructed the nation would have the advantage of that 90 per cent. and would only have to construct 10 per cent. To the extent of 90 per cent. it was ready. If the United States scrapped all its ships in course of construction, he thought it would be recognized by every impartial naval expert that its naval strength had been correspondingly depleted.

Continuing, Mr. Hughes said that he found it impossible to agree with Baron Kato that the test should be whether at the moment of an emergency a ship was actually ready to fight. He gave as an illustration the fact that it often happened that at a given moment ships in the active fleet were for some reason or another out of action. One ship might have developed some defect in her hull and another in her engine; a third ship might have her ordnance not mounted. In such circumstances it might even happen that months would elapse before a fully completed ship was ready for active service. A ship that was building might often be ready for service in a shorter time than a ship which had been in service for years. And, moreover, there could be no comparison between the value of a new ship, especially when the ships under construction would embody all the lessons of the late war, and older ships which for one reason or another might be more or less out of repair.

Mr. Hughes referred to a list of the ships under construction and pointed out that at the time when he had announced his proposal for the limitation of armament no less than two of the capital ships under construction had been about 88 per cent. completed,

and a third about 82 per cent. He believed that of the two former, one was now more than 90 per cent. complete.

Mr. Hughes said that he felt that one should be entirely candid in such a conversation, the object of which was to remove all misunderstanding, and he was bound to say that the American people would never consent to scrap the ships in course of construction, on which they had spent $330,000,000, and at the same time not count what they actually had in course of construction as a part of their naval strength.

Coming to the case of the Mutsu, Mr. Hughes said that he fully appreciated the difficulties of Baron Kato's position. He believed that at the time the American proposals had been announced the Mutsu had been about 98 per cent. complete. Supposing, however, circumstances had arisen involving the use of the navy of the United States of America, it would have been possible to complete several of the ships under construction within a month. If, therefore, Baron Kato wished to know how he was to justify to Japan the sacrifice of the Mutsu, surely his best line of argument was to explain the sacrifices which America was making. She was not giving up merely one ship but three ships which were very little behind the Mutsu, and no less than 15 capital ships which were under construction, many of which were in an advanced stage. He had stated all this in no controversial spirit at all, but merely to explain to Baron Kato that, if he had his own difficulties in dealing with the Japanese people, he (Mr. Hughes) would have even greater difficulties in persuading the American people to make any alteration in the percentage originally proposed.

Coming now to Baron Kato's proposals in regard to a status quo in the matter of fortifications and naval bases in the Pacific, Mr. Hughes prefaced his remarks by stating that it was impossible for him to consider these matters except as part of the acceptance by Baron Kato of a general agreement which would also embrace the proposed quadruple entente in the Pacific, as well as the proposals of the American Delegation on limitation of armaments. It was impossible for him, after the great concessions involved in the proposals for limitation of armaments, to go on making further concessions without some return. Subject to this Mr. Hughes indicated that the American Delegation might be willing to consider a proposal for a status quo in regard to fortifications and naval bases which should be undertaken mutually and reciprocally by all the parties to the proposed quadruple understanding. In saying this Mr. Hughes emphasized the distinction between fortifications which could be used by fleets required for offensive purposes and purely defensive works. Hawaii, for example, was situated so far from Japan that it could

not be regarded in any sense as an offensive base. The fortifications and naval base there were purely defensive, and should, therefore, be excluded from any arrangement. In discussing this aspect of the matter Mr. Hughes also supposed that Japan would wish to exclude her bases in the main islands of Japan, and that the British Empire would wish to exclude the ports in Australia and New Zealand which might fairly be said to come within the same category. Mr. Hughes concluded by reiterating that his thought in giving this very full explanation to Baron Kato had been to make him fully aware of the American point of view and American difficulties. He had made his statement in no controversial spirit, and only with the utmost desire to prepare the way for a permanent settlement.

Baron KATO thanked Mr. Hughes for his very clear statement. He himself fully appreciated the arguments which Mr. Hughes had used. He feared, however, that many of these arguments were not of a character which would appeal to the Japanese people. He would not, on this occasion, make any reply to Mr. Hughes' arguments, as he felt that mere controversy would not lead to a settlement. He felt now that the best course for him to take was to telegraph his views to his Government in Tokio and on receipt of their reply, he would be in a position to negotiate further. He expressed the strong hope that when he did receive a reply, the subject would be taken up at an intimate and informal conversation such as they were now engaged in.

Mr. HUGHES acceded to this view. He then asked if Mr. Balfour would set forth the British point of view.

Mr. BALFOUR said that he could do this very shortly. The British Government in accepting the proposed ratio of 10:10:6 had done so not ~~on~~ *as the reasoned result of* an exact calculation of the needs of the three nations, but rather as a ~~general rule which appeared to them to be a fair one.~~ *practical principle of easy application which would not lead to unfair results.* If the basis adopted had been a precise calculation, he thought he would have no difficulty in showing that of the three nations concerned in the agreement, the British Empire came out worst. However, as his Government had accepted the ratio, he felt that there was no necessity for him to ~~develop~~ *dwell on* this argument on the present occasion. He himself, and his technical advisers felt that Japan, owing to geographical and economic considerations, was perfectly secure under this ratio. The conclusion of the proposed quadruple arrangement would increase this security. At the same time, Mr. Balfour expressed his sympathy with Baron Kato's desire for the maintenance of the status quo in the Pacific in regard to naval bases and fortifications. This would undoubtedly contribute towards a sense of security in Japan*;* ~~and would be a natural corollary to the conclusion of the agreement for the limita-~~

~~tion of naval armaments~~, as had been tacitly assumed ~~in previous conversations~~ *in all the discussions which had taken place* on the subject~~.~~*; and was the natural corollary of the naval agreement.* If the quadruple arrangement was completed and an understanding could be reached for the maintenance of the status quo in regard to fortifications in the Pacific among the Powers represented in the proposed quadruple entente, he thought that Japan could accept the 60 per cent. ratio with the utmost equanimity and confidence in her future security.

Baron KATO then repeated his proposal to telegraph to Japan, which was accepted by Mr. Hughes and Mr. Balfour. He said that he feared a week would expire before he could count on receiving an answer as telegraphic communications with Japan were very congested.

Mr. HUGHES then asked Baron Kato if he could say anything as to the attitude of the Japanese Delegation towards the proposed quadruple entente. Not a word had been said up to the present time to France about it, but he would like to be in a position in the next few days, if possible, to approach the French Delegation.

Baron KATO said that he had telegraphed to Japan on the subject but had not yet received a reply. The Japanese Delegation in Washington, however, were perfectly satisfied with the proposal and he had no reason to believe that his Government would take any different view. He even indicated that it would be reasonably safe to approach the French Delegation in the matter.

Mr. HUGHES said, however, that he was very reluctant to do this owing to the embarrassing situation in which all would be placed if by any chance the Japanese Government should subsequently raise any objection.

Baron KATO then undertook to telegraph to Japan asking them to expedite a reply.

Mr. BALFOUR explained that he would be leaving Washington on the following day, first for Baltimore and afterwards for New York and would not be back before Wednesday. At Mr. Hughes' request he undertook to designate one of his colleagues to whom Mr. Hughes could refer in case any question of emergency should arise, such as an urgent need to make a communication to the French Delegation in regard to the proposed quadruple entente. Mr. Balfour indicated Lord Lee as his locum tenens.

Mr. HUGHES said that if any question of emergency arose, he would get into communication with Lord Lee who could be accompanied by Sir Maurice Hankey if desired.

In conclusion Mr. Hughes said that the Press were immensely interested in these conversations and he felt that the best course would be for each of the Delegates to inform his own Press that the

present meeting had taken place but that no further information could be given. He would leave it to Baron Kato, if he wished, to announce that he had telegraphed to Japan.

Mr. BALFOUR said that for his part, he intended to say that the conversation in no way modified his previous opinion that the outlook of the Conference was extremely satisfactory and promising.

Mr. HUGHES said that perhaps each of those present might adopt this line. [M. P. A. HANKEY]

[WASHINGTON, *December 2, 1921.*]

500.A4/314 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *December 3, 1921—2 p. m.*

[Received December 3—1:43 p. m.]

405. My telegram no. 403, November 30. There is evidence of Government efforts, since the Cabinet meeting yesterday, to prepare the public mind to consider the matter of ratio of naval strength as but part of the fundamental question of an agreement on Far Eastern and Pacific questions.

As Uchida stated to me ratio is not the only problem. He is following up the statement he made to me with the information that you, Kato, and Balfour are holding informal conversations and are progressing on the fundamental problems apart from mere naval ratios, in order to secure their solution simultaneously. The *Nichi Nichi* today contains an obviously inspired report of yesterday's Cabinet meeting. In it the statement is made that: [73]

"Of course the kernel of the Pacific and Far Eastern questions is the fate of the Anglo-Japanese Alliance and the fortifications on Pacific islands. If an understanding is reached between Japan, America and England on these questions the matter of a naval ratio ought not to cause much trouble and therefore our delegates appear to be devoting themselves first to reach a solution of the fundamental questions regarding the Pacific and the Far East. Owing to the incompleteness of the reports reaching the Government from the Japanese delegates regarding the situation respecting the future of the Anglo-Japanese Alliance it is impossible to ascertain anything positive about it as yet. However there have been disagreements in regard to a tripartite Pacific agreement advocated by Great Britain and Japan and the association of nations advocated by the American President; but Japan, America and England are gradually coming into accord with regard to the establishment of some form of agreement between the principal powers having interests in the Pacific

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[73] Statement not paraphrased.

which will guarantee the peace of Pacific and the permanent peace of the entire Far East as well. We do not know yet until reports from the delegates have been received whether this will be of such nature as to take the form of a treaty, but if a general understanding in regard to a Pacific agreement between the three aforesaid countries is established it will spell a great success for the Washington Conference. In the Cabinet meeting of yesterday there was a report on this matter by Count Uchida."

In my conversation with Hara reported in my 377 of November 9,[74] he stated his [willingness] to cooperate with Great Britain and the United States in establishing a common policy with regard to China; and, as reported in my 390 of November 17, Takahashi expressed a similar willingness to make an agreement relating to China. The Government is now beginning its publicity here on this important phase of the Washington Conference.

WARREN

500.A4/319a : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *December 3, 1921—7 p. m.*

209. Balfour and I had long interview with Baron Kato last evening.[75] American position fully restated. It was made clear that if the question of naval ratio was considered in the light of a general conception of national needs, Japan would not be able to justify even as favorable a ratio as 10 to 6, with respect either to Great Britain or the United States, in view of Great Britain's possessions and reliance upon sea power, and the two coasts of the United States, as compared with the peculiarly secure situation of Japan. However, it was to avoid fruitless discussion of national needs that this Government took existing naval strength as a basis for comparison. It was pointed out that apart from other considerations, Japan could not hope to change the existing ratio as this country could build as rapidly as Japan and it lay entirely with the American Government to prevent any betterment of the existing ratio on the part of Japan. Baron Kato spoke of the objection of Japanese experts to the inclusion of ships in course of construction, stating that they could only regard ships as part of naval strength which at the moment were ready to fight. It was replied that the American calculations did not count ships in course of construction for anything more than the actual percentage of completion, that is, a ship 90 per cent finished was taken at only 90

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[74] *Foreign Relations*, 1921, vol. I, p. 84.
[75] See memorandum of Dec. 2, 1921, p. 75.

per cent, and so on. This 90 per cent could not be treated as non-existent for it existed. In case of war the Government would not have 90 per cent to build but only 10 per cent. The ships thus in course of construction to the extent that they were built were thus actual factors of naval strength and if they were scrapped every impartial naval expert would recognize the fact that to this extent naval strength had been lost. The illustration was not a fanciful one as we had three battleships from 80 to 90 per cent completed which in case of emergency could be finished within a few weeks and the other ships according to the degree of progress representing the actual strength in hand. It was further pointed out that the test Kato suggested could not be applied as an existing ship might need replacement of engines, repair of hull, etc. and it was idle to take a ship that would require 3 months to repair as a part of fighting strength and ignore a ship of the most modern type that could be finished in a few days. It should be recognized that in no contingency whatever will the American Government, which has 15 capital fighting ships in course of construction ignore the work that has been done on them and not only scrap these ships but permit the extent of construction to be disregarded in estimating the relative sacrifices to be made under our proposal. On this basis the ratio was well inside 10 to 6, and the American estimate is liberal to Japan. Balfour stated to Kato that the British considered this ratio entirely fair to Japan and that it should be accepted.

In answer to Kato's statement that it was difficult to explain to the Japanese people the sacrifice of the *Mutsu* I said that the ready explanation was found in the sacrifices offered by the United States. Kato said that the *Mutsu* had been completed. I said that the *Mutsu* had been taken at 98 per cent completed in the American calculations, and that the difference in tonnage was trifling; that it was unnecessary to argue over the mere fact of completion; that granted all that the *Mutsu* was, we had the *Colorado*, *Washington*, and *West Virginia* almost completed which were just as precious to us as the *Mutsu* to Japan and which we had offered to scrap; that the question of the *Mutsu* only came up in determining what sacrifices were equivalent if the United States scrapped her 15 ships. Our sacrifices were really more than we asked of Japan on any fair basis of calculation. That the plan was distinctly favorable to Japan, Balfour agreed.

Kato spoke of the question of naval fortifications and naval bases in the Pacific, in Hawaii, Guam, and the Philippines as giving concern to Japan. I said that there should be a distinction between fortifications of an essentially defensive character and others that were ambiguous. I suggested that fortifying of the main islands

of Japan was defensive and would be so regarded by the Japanese people; that I assumed the British would say the same with respect to the fortification of Australia and New Zealand. The United States felt in the same way as to Hawaii. No fortifications there were a menace to Japan and the United States in any event would insist upon retaining the full right to defend Hawaii by any fortifications it thought necessary. I recognized that there was a different situation with respect to naval bases at Guam and the Philippines but I said that the American Government did not propose to follow one proposal with another proposal while Japan did not indicate what she was willing to do; that if the question came down to the maintenance of the *status quo* as to fortifications of Guam and the Philippines, assuming that Japan and Great Britain and France would be willing to give similar agreements with respect to their islands (aside from the main islands), there would be no difficulty.

[Paraphrase.] The proposed quadruple entente between the United States, Great Britain, Japan, and France, concerning Pacific islands and peace in the Pacific, was also discussed, in a general way. It was stated that if such an arrangement were consummated, the last vestige of any cause for apprehension on Japan's part would vanish. [End paraphrase.]

At conclusion, Baron Kato said that he was unable to make a definite reply; that he must make up his own mind and then inform his Government and receive its instruction, and then he would like a further informal discussion. To this we agreed, indicating however the importance of expedition in view of the sensational stories that are likely to be circulated while the actual situation remains unknown. I understand that Balfour has strongly indicated to Kato that if Japan refuses she will be much worse off in five years and that she will be responsible for the failure of the Conference, leaving her in a most unfortunate position before the world in refusing proposals which all regard as entirely to her advantage.

The foregoing will aid you in making the position of this Government clear.

HUGHES

500.A4b/547½

Memorandum by the Secretary of State of a Conversation with Ambassador Jusserand, of the French Delegation, December 5, 1921

The French Ambassador recalled to the Secretary the fact that M. Viviani had given the Secretary a memorandum prepared by

Admiral de Bon with respect to the naval situation in France.[76] The Secretary said that the memorandum was largely in the form of a narration of the situation rather than a proposal. The Ambassador said that it was M. Viviani's desire to be associated with the conversations that were going on in connection with the question of naval armament fearing that some principle might be decided upon which would prejudice France when the matter was taken up with her later.

The Secretary explained that the sub-committee on naval armament was not meeting; that it seemed to be absolutely essential, inasmuch as only one step should be taken at a time, that the question of naval ratio as between Great Britain, the United States and Japan should be first determined; that it was of course recognized that there could not be a complete agreement until the naval armament of France and Italy had been taken up, but that the situation as pointed out by M. Viviani and the Ambassador in the case of France, by reason of the effects of the war, was a different one from that which existed in the case of the United States, Great Britain and Japan, who were in a position to continue competitive building; that nothing whatever could be done if these nations did not agree upon their naval ratio.

The Secretary pointed out that when this situation was developed it had seemed important to have informal conversations with the representatives of Great Britain, and Japan upon this point; that it then developed that Japan did not accept the American calculations; that thereupon it was arranged that there should be informal meetings between the naval officers of the United States, Great Britain and Japan for the purpose of examining the calculations; that these had been had, with the result that there was no important difference so far as figures were concerned, but it seemed to appear that there was a disagreement as to the taking into consideration the [*of?*] ships in the course of construction; that this was a very important matter to the United States for obvious reasons, as the American Government could not ignore what had already been effected in construction; this being manifestly a part of her naval strength.

As it appeared that the naval experts could go no further, their informal meetings terminated and the matter came back to Baron Kato, Mr. Balfour and the Secretary for another informal meeting to see if the matter could be determined; that this meeting had been had, and that while the Secretary was not free to state what had taken place, it was sufficient for him to say that he was waiting to hear further as to the attitude of the Japanese Government.

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[76] Presumably the memorandum of Nov. 19, p. 62.

The Secretary thus pointed out that there was nothing whatever under consideration which in any way militated against the interests of France and that as soon as possible the question in its relation to France would be taken up.

The Secretary took occasion to say that there was not the slightest reason for any feeling on the part of France that she was not being fully taken into consideration for while the Secretary could not state what was in contemplation he felt that he should say to the Ambassador in the strictest confidence that there were under consideration matters which he felt sure would be very pleasing to France and would dispose of any feeling that full regard was not being given to the interests of France. The Secretary hoped that within 48 hours he might be able to say something further to the Ambassador upon this subject.

500.A4/320 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *December 7, 1921—6 p. m.*

[Received 8:35 p. m.]

412. Your telegram no. 209, December 3, 7 p. m. I have fully discussed matters with Uchida and found he is adhering to policy of yielding on ratio as a part of the general agreement or entente regarding Pacific and Far Eastern questions, including fortifications.

Yesterday the Diplomatic Advisory Council met and listened to a report on the progress of the negotiations. This morning the Privy Council met with the Premier and Cabinet members present in special session to hear a report on the status of negotiations. I have just been informed . . . that Uchida stated that the Japanese Government intended to join with Great Britain, the United States, and France in an agreement regarding Pacific and Far Eastern questions to establish peace in the Far East, on the ground that Great Britain, the United States, and France will stand together, of necessity, and Japan must not be isolated. Uchida made the statement that the question of ratio of naval strength had been taken from the naval experts and given to the delegation as a private matter, to be settled as a part of the larger question. He did not mention the discussion as to the necessity of 70% or 60% but said that the question should not be adjusted on any narrow basis, but ought to be considered and a decision reached on grounds broader than mere percentages. The members of the Privy Council understood that 70% would not be insisted upon and there was no dis-

cussion of that feature of the negotiations. Some members asked about the effect of the new understanding or agreement on the Anglo-Japanese Alliance. In reply Uchida stated that the necessity for the alliance disappeared with the passing of Germany and Russia as powers of first magnitude. He reported also on the position regarding fortifications in the Pacific and on Chinese matters. The Privy Council was satisfied. It concurred in the negotiations proceeding along the lines reported on behalf of the Cabinet by Uchida, but requested another report when the agreements assumed more definite shape.

Uchida mentioned the fair attitude of the United States and considered the progress made as pointing to the dawn of a new era in world affairs. An optimistic impression was given.

After the report had been heard by the Privy Council, its members were invited to an audience with the Emperor. He has not received them since his return last September from Nikko. The Emperor was strong enough to stand while he received them and he talked with each. . . . The audience is significant only as indicating the Privy Council's desire to express to the Emperor their satisfaction with the progress of negotiations. . . .

WARREN

500.A4/321 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *December 10, 1921—10 a. m.*

[Received December 10—9 a. m.]

414. Referring to my 412 of December 7. I have had two extended talks with Uchida since the last Privy Council meeting and I again asked if the Government had instructed the delegation to adhere to the request for 70%. He replied that no such instructions had been given or would be given. Late yesterday we discussed at length all aspects. After some discussion he asked about fortifications in the Pacific. I told him that the United States could not be expected to offer one proposition after another without acceptance of any proposal on Japan's part but I referred then to your cable and gave him the substance of what you had told Kato about fortifications. He was much pleased and stated he had not received from Kato such a clear report of that conversation. Uchida then told me Japan cared more about fortifications in the Philippines and Guam than about one battleship more or less.

This gave me a chance to state that, based on my talks with him, the Premier, Viscount Makino, and others, the political side of the

Japanese Government appeared satisfied with the 60% ratio, fortifications at Philippines and Guam to remain *in statu quo*. Uchida assented but intimated that it was difficult to give definite instructions to Kato on naval matters as he is to take [*sic*] naval authority. I urged him to inform Kato definitely as to how the Government and governing class here feel. I pointed out the necessity of a decision on this aspect of the negotiations and said that the world expected the consent of Japan, and that it was not now possible to think of increasing the respective strength of each navy by the addition of more capital ships than were originally proposed for each navy because that would appear to be preparing for war rather than for peace.

On December 8 I gave a dinner for Uchida to which I invited a number of the leaders here. From my discussions with them and from what Uchida told me during the extended earnest conversation yesterday I am certain that the political side of the Government is not supporting Admiral Kato in holding out for a 70% ratio.

We discussed the four-power agreement. The Japanese Government is in favor of the plan.

WARREN

500.A4b/547½ Secret

Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Department of State, December 12, 1921, 4 p. m.[77]

PRESENT:—

THE UNITED STATES OF AMERICA	THE BRITISH EMPIRE	JAPAN
Mr. Hughes	Mr. Balfour, accompanied by Sir Maurice Hankey	Baron Kato M. Ichihashi (Interpreter)

(1) Baron KATO said that he had now received instructions from Tokio, and was prepared to continue the conversations in regard to the Japanese ratio. He then read in Japanese a memorandum, the gist of which was as follows:—There are three subjects to be considered: the ratio: the status quo in regard to fortifications and naval bases: the Mutsu. The Japanese Government considered the 10 to 7 ratio necessary to Japan's naval security. He himself considered that the calculations of the Japanese experts were perfectly reasonable,

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[77] No agreed official minutes of this conversation were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

The file copy of this memorandum bears corrections by Secretary Hughes. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*.

and he greatly regretted that they had been unable to obtain the agreement of their American and British colleagues to it. The Japanese Government, however, approved of the high aims of the American Government and their desire for limitation of armament and the maintenance of the peace, and the Japanese people were earnestly desirous of a realisation of the plan. Consequently, he approached the subject from the broadest point of view. He was ready to consent to the ratio of 10–10–6, on condition that he obtained a definite understanding in regard to the status quo in fortifications and naval bases in the Pacific. If naval bases were developed in the Philippine Islands and Guam, where a fleet could be maintained and supplied, he feared there would be great dissatisfaction in Japan, and the better tendency in relations between the two countries which had lately been observable would be changed to hostility. If an entente in regard to the maintenance of the status quo in fortifications and naval bases could be established between the four Powers in a Quadruple Alliance it would contribute greatly towards the peace of the world. Such being the case, he wished to make clear that the ratio of 10–10–6 was not independent of the question of fortifications and naval bases, and he appealed for its favourable consideration.

Coming next to the question of the Mutsu, Baron Kato said that, according to the American proposal, the ship had been 98 per cent complete. The fact was that she had been 100 per cent complete at the end of October. She was fully paid for, fully manned, and had now steamed 2,500 miles. The American proposals had provided for the scrapping of old ships and ships under construction, but there was no other case of the scrapping of a brand-new ship. He and his colleagues in the Japanese Delegation could never explain to Japan why she should have to scrap a new ship, and if they agreed to it it would produce a very bad effect on the Japanese people. From a naval point of view he wished to emphasize that the Mutsu had now joined the fleet. She was complete with officers and men from her Captain downwards, and if she was destroyed the effect on her crew, who would perhaps see her destroyed before their own eyes, would be deplorable. The actual proposal of the American Government had resulted in 18 American capital ships, 22 British and 10 Japanese. If the Mutsu was retained, Japan would propose to scrap the Settsu.

Mr. Hughes said that before making a general reply he would like to ask what would be the ratio of tonnage involved in the retention of the Mutsu?

Baron Kato said that under the original proposal the proportion was 6 to Great Britain, 5 to the United States of America, and 3 to Japan. If the Mutsu were retained the figure for Japan would become 3.1.

Mr. HUGHES said that this did not take into account the extra armament, which would be of far greater importance than the mere difference between 21,000 and 35,000 tons.

After an observation by Baron Kato which was imperfectly understood, Mr. Hughes said he would like to preface his remarks by clearing up exactly what Baron Kato had proposed. As he understood it, his proposal was that Baron Kato, subject to the considerations he had mentioned, was willing to accept a ratio of 10–10–6. Was he correct in this?

Baron KATO said he agreed to the ratio of 10–10–6, but definitely in connection with the maintenance of the status quo in regard to the fortifications and naval bases.

Mr. HUGHES said that if that could be arranged he understood that the ratio of 10–10–6 would be accepted.

Baron KATO repeated his previous remark.

Mr. HUGHES then said that in regard to fortifications he would only confirm what he had said on the previous interview, namely, that there must be a difference between defensive and other coast defences. The American Government would never consent to, and the Senate would never approve, any restriction on the defences and naval bases at Hawaii. Their point was that it was so far removed from Japan that it could not be regarded as a menace. It was treated as a purely defensive base, and it was impossible for America to take any other view. When he came to the Philippine Islands and Guam, there was a different situation. While many people, including many influential people in the United States, regarded the naval bases in the Philippines and Guam as a rational part of the defences of the United States, and that they would have no offensive function, he could understand that others did not comprehend the fundamentally peaceful attitude of the American people. He was, therefore, able to understand Baron Kato's point of view. Consequently, subject to the reservation on Hawaii, he was prepared to adjust his views and would be entirely willing to agree to the maintenance of the status quo in the Philippines and Guam. That is to say, no fortifications would be dismantled, but they would be retained in their status quo. He assumed that there would be a general agreement among the four Powers included in the Quadruple Treaty to accept the same condition. That is to say, the status quo should not be confined to America and Japan. He assumed that Japan would do the same as regards the outlying islands. If Japan were to fortify and create naval bases in the outlying islands, America could not agree to the status quo. In fact, all must be on the same basis.

Baron KATO said that of course Japan had hoped to include Hawaii, but after the explanation which Mr. Hughes had given

he was willing to surrender this. If America would be willing to maintain the status quo, so would Japan.

Mr. BALFOUR said that as regards Great Britain the only place in question was Hong-Kong. He understood that the arrangement would not apply to Australia or New Zealand, the ports in which were not a menace to anyone. Hong-Kong might perhaps be considered in the neighbourhood of Japan, though he did not suppose that Japan had ever regarded it in any way as a menace.

Baron KATO said he quite understood that that was the British position.

Mr. BALFOUR said he was prepared to agree to the maintenance of the status quo of the fortifications and naval base at Hong-Kong.

Mr. HUGHES asked if this applied to other islands in the Pacific?

Mr. BALFOUR replied that it did.

Baron KATO said that he had written out a short suggestion as regards the principles to be applied for the status quo. This was to the effect that in the outlying insular possessions of the Pacific there should be a maintenance of the status quo by the four Powers concerned in the Quadruple Agreement, and guarantees with regard to fortifications and naval bases, the main islands of Japan and the British Dominions being excluded.

Mr. HUGHES said that on that basis he understood that Baron Kato would agree to the naval ratio?

Baron KATO said that on this basis he would be very glad to accept the naval ratio of 10–10–6.

Mr. HUGHES said that this brought on consideration of the question of the particular application of this ratio. The American proposals had not dealt with ships constructed versus ships not constructed. America had had two ships which were 88 per cent completed, and a third 82 per cent completed, and the two former were now over 90 per cent complete. When the application of the scheme came to be considered, the principle to be kept in view was that of proportional sacrifice. That had to be applied to the particular case of the Mutsu. It was not only a case of the substitution of the Mutsu for the Settsu, but the whole naval programme was involved. The American Delegation thought they had established a fair rule. He himself would have to take up the question with his experts as to what would have to be done in the case of the Mutsu, but he would like to hear what Mr. Balfour had to say.

Mr. BALFOUR said that he, of course, would also have to talk to his naval advisers before taking a final decision. He would, however, make one preliminary remark. It was evident that the addition of a post-Jutland capital ship particularly affected Great Britain, who was strong in pre-Jutland capital ships, which had been much worn by four years of war service, but was weak in post-

Jutland capital ships. It would be necessary for Great Britain to add post-Jutland strength in the proportion of 5 to 3 as closely as that could be arranged.

Mr. HUGHES said that this meant that Great Britain would have to build.

Mr. BALFOUR said that without doubt Great Britain would have to build if the Mutsu were retained.

Baron KATO said he quite understood the British situation in regard to capital ships. If agreeable to the British and American Delegates, he would propose for the moment to postpone the question of the Mutsu and to confine the present meeting to the questions already discussed.

Mr. HUGHES said that he had throughout been sensible of the effect which the retention of the Mutsu would have on the British Navy. He understood that with the exception of the Hood, which was only partly a post-Jutland ship, Great Britain had not a single post-Jutland capital ship. Japan, on the other hand, had the Nagato, and, he thought, some battle cruisers as well. If the Mutsu were added it seemed to compel Great Britain to build. He did not want to enter into a long argument, but he asked Baron Kato to consider the effect if the Mutsu were retained and the whole scheme were dislocated by the fact that Great Britain had to build. As regards his own Government, he did not suppose that they would be willing, if the Mutsu were retained, to scrap two ships which were almost completed. They understood that the whole scheme was based on the principle of proportional sacrifice. They had succeeded in reaching a point where everyone had been relieved of much effort in building and yet remained with the same proportional strength.

Baron KATO said that he quite realised the difficulties of Great Britain in particular, and in regard to the general understanding of the world. The question, from the point of view of Japan, amounted to this, that it was not the scrapping of a ship under construction. The question of the relative strength was a different one, and on this he thought an understanding could be reached, but the scrapping of a ship under construction was his difficulty.

Mr. HUGHES pointed out that he did not seem to mind scrapping the Settsu, which was also a completed ship.

Baron KATO said she was not a modern ship.

Mr. HUGHES said he understood she was a pre-Jutland Dreadnought.

Baron KATO said that the retention of the Mutsu did not involve increasing the relative naval strength of Japan. He felt it should be possible to reach a harmonious conclusion without any obvious alteration in the proportions of the three fleets.

Mr. HUGHES said he wished that he was in a position to associate himself in this, but if the attitude taken up by Japan involved Great Britain building instead of stopping her construction, he did not see how he could do so. If Baron Kato had some plan of surmounting the difficulty he would like to know what it was.

Baron KATO said he regretted exceedingly that the Mutsu had been included in the original American plan as a ship under construction, as this was not the case. As it was necessary to save the Mutsu he supposed it would be necessary for America and Great Britain to build one ship apiece.

Mr. BALFOUR pointed out that the new construction would have to be in the proportion of 10–10–6.

Baron KATO said that this ratio, he understood, was to apply at the end of ten years.

Mr. HUGHES said he had always understood that it was to be applied now, in order to ascertain how much each had to sacrifice.

Baron KATO said that the present ratio was 6 for Great Britain, 5 for the United States, and 3 for Japan.

Mr. HUGHES said that this applied only to tonnage and took no account of the armament of ships, as the American programme had done. Although 6–5–3 was the ratio in tonnage, 10–10–6 was the equivalent in efficiency.

Baron KATO said he realised that the retention of the Mutsu and the scrapping of the Settsu would not make the actual ratio very obviously different. In fact, the difference would be very slight. But the inclusion of the Mutsu as a ship in course of construction would be extremely difficult for Japan to accept. The ratio was a separate question.

Mr. HUGHES then read the following extract from his speech in Plenary Session on November 12th:—

"The tonnage of these ships would be as follows: Of the United States, 500,650; of Great Britain, 604,450; of Japan, 299,700. In reaching this result, the age factor in the case of the respective Navies has received appropriate consideration".

The difficulty was that the scrapping of the Mutsu would not be compensated by the retention of old ships. Baron Kato was one of the greatest naval experts in the world, and knew quite well that the Mutsu was a ship of the very latest type. To compensate her Great Britain would have to build, and the United States of America would have to finish certain ships. It was a pity to do this, because the scheme was on a perfectly fair footing without the Mutsu.

Baron KATO said he was very sorry always to have to repeat the same thing. His fundamental difficulty was the inclusion of the Mutsu as though she had been in the course of construction. He admitted that the building of fresh ships was against the spirit of the scheme. It was not possible, however, for the Japanese Delegates to render a satisfactory explanation for the scrapping of the Mutsu. If the only way in which the Mutsu could be retained was for Great Britain and America to build, he saw no other way out. He was very sorry this was the only way.

Mr. HUGHES said he greatly regretted the necessity of building in order that Japan might keep the Mutsu.

Baron KATO said he hoped it was clear that Japan did not want any increase in her naval strength.

Mr. BALFOUR said that he understood that Baron Kato was ready loyally to abide by the proportion of 10–10–6, on the understanding of status quo in fortifications and naval bases, but he was not prepared to adhere to the absolute numbers provided for in the original American scheme. While he had no desire to blame Japan, he must observe that the net result would be that Great Britain would have to build and the United States of America would have to complete ships in order that Japan might get a sentimental satisfaction. He quite understood the strength of the sentimental objections to the scrapping of the Mutsu. The crew was on board and were actually working together. They would see their ship towed out and sunk, and this would doubtless produce an embittered feeling both in the Japanese Navy and in the Japanese people. He felt, however, that Baron Kato must realise that there was another side to the question. The peoples of America and Great Britain, who had thought to see an end put to the building of capital ships, would see nothing of the kind, and would say that this was an unhappy termination to an arrangement which had been looked upon with so much hope and satisfaction by the whole world.

Baron KATO said he always had to come back to the same question, that it was impossible to include as under construction a ship that was actually completed. He could find no satisfactory reason for scrapping such a ship.

Mr. HUGHES said that of course the American Government understood that the Mutsu had been very nearly, though not quite, completed. While he fully appreciated the sentiment, he thought that the arguments were practically as strong in the case of ships almost completed. The money investment, for example, in the case of the Colorado and the Washington, which were very nearly complete, was nearly as great as in the case of a ship that had been ~~launched~~ *completed*. The difference was not a difference between 100 per

cent and zero, but only a difference of about 10 per cent. If 40,000,000 dollars had been spent in completing one ship, and 40,000,000 dollars in almost completing another, the result was practically the same. America had no less than 15 ships under construction, some of which, when the scheme was announced, had been 88 per cent complete. Baron Kato ought to consider that in stopping the construction of 15 ships America made a very great sacrifice. The question was not one of retaining a particular ship, but of community of sacrifice. From a practical point of view there was no chance of America remaining where she was as regards capital ships if the Mutsu were changed to the Settsu. It would be regarded in America as altering the whole ratio, and he thought the same applied as regards Great Britain. Hence, if the Mutsu was to be retained, what was Baron Kato's plan? It was a great embarrassment to have to accept a plan which involved two of the Governments in a continuation of building.

Baron KATO said he feared he had failed to make his position clear. Mr. Hughes had said that the difference was only 10 per cent, from a practical point of view, between a ship that was 90 per cent completed and one that was completed. This, however, was not how the Japanese felt in considering the question. He quite understood the necessity for America and Great Britain to build. He greatly regretted it, but if that were the only way he would like to see America and Great Britain each build one ship.

Mr. HUGHES then summed up the position. Baron Kato had accepted the 10–10–6 ratio on condition of the maintenance of the status quo in fortifications and naval bases. As regards the application of the ratio to the Mutsu, however, he seemed regretfully to reach the conclusion that Great Britain and America would have to build. He thought the best plan would be to adjourn and consult the experts as to what should be done. He greatly regretted this, but he could see no escape from it. If the Mutsu were retained he was certain that the Naval Experts would not be satisfied unless America and Great Britain also built.

Baron KATO agreed, but asked if a definite conclusion might not be reached in regard to the ratio and the fortifications.

Mr. HUGHES said that this question of the application of the principle was interdependent with the question of the ratio and the fortifications. It would be necessary to try and re-arrange the American scheme so as to balance the navies on the ratio of 10–10–6, the Mutsu being included in the Japanese list. It would be necessary to tackle this task. It would be hopeless to try and arrange matters on a new basis with the idea of reaching 10–10–6 some years hence.

Baron KATO said he wished to make himself clear that when he said that America and Great Britain might build a new ship he had in mind the ratio of 10–10–6.

Mr. HUGHES said it would be necessary to examine the list of ships and see what was to be added and what was to be left out, if Japan was to keep the Mutsu. He wished to have the list revised on the basis of 10–10–6, always taking into account the age factor.

Mr. BALFOUR agreed. Two principles were fixed, namely, the ratio in capital ships, and the status quo in fortifications and naval bases. What remained unfixed, owing to the fact that the Mutsu was to be retained, was the list of ships. Hence it was necessary to consider how the lists of ships should be re-arranged so as to maintain the ratio on the understanding that the Mutsu would be retained.

Mr. HUGHES said that it would be necessary to consult the experts.

As regards publicity, he thought it would be desirable to announce the whole thing at once. He would rather hold back everything that had been agreed until he could see the plan as regards particular ships as a whole.

Mr. BALFOUR asked whether the French and Italian ratio would be affected?

Mr. HUGHES said that this was a difficulty. It would be necessary, in re-arranging the ships so as to preserve the ratio of 10–10–6, to watch how the increase of tonnage would be affected, with an eye to France and Italy.

Mr. BALFOUR pointed out that otherwise it would scale up the navies of the whole world.

Mr. HUGHES said that the practical thing for the moment was to keep what had happened strictly confidential, and to announce nothing. On the following day the matter could be threshed out. He proposed a meeting on the following day at 4 p. m.

Baron KATO thought it would be very easy to reach a decision.

It was arranged to meet on the following day at 4–30 p. m.

THE DUTCH ISLANDS.

(2) Mr. BALFOUR said that he was about to see Jonkheer van Karnebeek, who wished to be able to return to Holland with some arrangement which would satisfy his people as to the Dutch Islands.[78] Jonkheer van Karnebeek obviously felt rather in the cold in being left out of the Pacific Treaty when Holland had such large island possessions in the Pacific. He thought it was possible that some separate instrument might be devised whereby Holland could be admitted to the arrangement ad hoc when questions affecting the Dutch islands arose.

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[78] See letter from Jonkheer van Karnebeek dated Dec. 9, p. 29.

Baron KATO said he himself did not feel much objection, provided that the Quadruple Treaty was not affected. It would be necessary, however, for him to consult his Government.

Mr. HUGHES said he himself would feel no objection. In limiting the Quadruple arrangement to the four Powers he had had in view the special position of Great Britain and Japan.

Mr. BALFOUR undertook to mention these matters to Jonkheer van Karnebeek, with the greatest care not in any way to commit anyone.

[M. P. A. HANKEY]

WASHINGTON, *December 12, 1921.*

500.A4b/547½ Secret

Memorandum by the Secretary to the British Empire Delegation of a Conversation Held at the Department of State, December 13, 1921, 4 p. m.[79]

PRESENT:—

THE UNITED STATES OF AMERICA	THE BRITISH EMPIRE	JAPAN
Mr. Hughes	Mr. Balfour, accompanied by Sir Maurice Hankey	Baron Kato M. Ichihashi (Interpreter)

THE "MUTSU".

Mr. HUGHES began by remarking that he had not had time to say a word to Mr. Balfour on the subject which was to be discussed today, namely, the re-arrangement of the numbers of capital ships in the American programme in consequence of the addition to the Japanese list of the Mutsu. There were a number of possible permutations and combinations, and the matter had to be considered from two angles, the British and the American. He himself would deal with the latter. He started from the tonnage ratio of 10–10–6, allowing a reasonable balance as regards the age and armament of ships. Japan desired on that basis to retain the Mutsu and to scrap the Settsu, and he had been considering what could be done as regards the American ships to compensate this. The American Delegation would be willing to scrap the North Dakota and the Delaware and to keep the Colorado and the Washington. The result of these changes would be to make the American total 525,850 tons, and the Japanese total 313,300 tons. What he had aimed at

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[79] No agreed official minutes of this conversation were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

The file copy of this memorandum bears corrections by Secretary Hughes. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*.

was to reach a limit of 525,000 tons for the United States of America and 315,000 tons for Japan. This preserved the exact ratio and would give America 15 ships, and Japan 9, with a tonnage limit of 35,000 tons *for capital ships*. The exact difference between the figures realised by the re-arrangement he had proposed and the basis he was aiming at amounted only to a few hundred tons, the American capital ships being 850 tons above, and the Japanese ships 1,700 tons below the standard. His Naval Advisers informed him that that would provide a satisfactory navy. The United States navy would be increased by 24,350 tons as compared with the original programme, and the Japanese navy by 13,600 tons. Relatively, however, the ratio was preserved very closely. He understood that Japan had a few battle cruisers as well, but he did not object to that. If, therefore, Japan wished to retain the Mutsu and to scrap the Settsu, that was the American proposal.

Mr. Balfour then asked if Mr. Hughes would like to hear what he had to say, and, on Mr. Hughes replying in the affirmative, spoke to the following effect. The British difficulties throughout had arisen from the fact that Great Britain had already taken a holiday in the building of capital ships for five years, and had laid down no capital ships since the conclusion of the War. The result was that she had no complete post-Jutland capital ship. The Hood, which had been designed when he himself was First Lord of the Admiralty (and he had ceased to be First Lord shortly after the Battle of Jutland) was the nearest approach to a post-Jutland capital ship. The Hood, however, had actually been designed before the Battle of Jutland. Subsequently the design had been altered and the ship had been pulled about as far as possible to embody the lessons of the battle, but he was informed that she was not by any means the ship which would have been built if the design had been made after Jutland. That was the original difficulty that the British Delegation had felt in regard to the scheme. The American Delegation, he thought, had realised this fact, and in their scheme had for this reason accorded to Great Britain a numerical advantage in capital ships and an advantage also in tonnage. Mr. Hughes would realise that it went strongly against the grain, especially with the naval authorities, that, unit for unit, our fleet should not be in a position to meet any conceivable opponent. This state of affairs, which had been a difficulty before, had been made worse by the inclusion of the Mutsu. The result of this inclusion was that the American navy would possess 3 post-Jutland capital ships and the Japanese navy 2 post-Jutland capital ships. Great Britain now had to do something to reach the ratio of 10 to 10, that is to say, equality with the United States navy. The trouble was this, that the Hood, which was a completed ship, was not quite up to the post-Jutland standard.

Two new ships embodying all the lessons of Jutland, had been designed as the result of experiments which had been carried out at considerable cost. A good deal of material had been collected, contracts had been placed, and the contractors had carried out the necessary changes in their plant to build the ships. Hence the proper way in which to meet the proposals as regards the United States and Japanese navies was for Great Britain to complete the two ships which had been begun but had not advanced far as regards actual construction, but for which the design was complete. In tonnage, however, these ships would considerably exceed that of the Marylands and Mutsu. He was prepared to admit that if the American and Japanese navies were allowed to include the post-Jutland ships alluded to by Mr. Hughes, and if Great Britain were consequently permitted to build the two ships to which he had referred, she must be prepared to scrap more ships than was provided for in the original programme. He understood that the American Government proposed to finish two Marylands and to scrap the North Dakota and the Delaware. If Great Britain completed her two ships he was prepared to scrap more than two old ships to compensate for them. He did not know exactly how far it was fair to deal on the basis of tonnage or on the numerical principle. Hence he would propose to build the two new ships already designed and to scrap more than two of the older British ships.

Baron KATO said that he considered the proposal made by Mr. Hughes on a tonnage basis was fair. As regards Great Britain he fully sympathised with her position. She had only been assigned old ships. Hence, if both proposals were to be accepted, while he had received no authority from his Government, he was willing personally to take the risk of giving his assent. In Japan the question had now become a political one, and public opinion was strongly moved. He had heard this since last night, and he had received a cable from his Government to that effect. It would, therefore, be a matter of great difficulty for him to give up the Mutsu, and he hoped that it would be possible to agree on the basis of Mr. Hughes' and Mr. Balfour's proposals, both of which he was willing to accept.

Mr. HUGHES said he would like to sum up the matter in the form of a concrete statement. In the original programme the American Government had proposed the following:—

	CAPITAL SHIPS	TONNAGE
The United States of America	18	500,650
Great Britain	22	604,450
Japan	10	299,700

In the Japanese total the Settsu had been included and the Mutsu was to be scrapped. Now it was proposed that the Mutsu should be included and the Settsu should be scrapped. The Colorado and

the Washington were to be included in the American total, and the North Dakota and the Delaware were to be scrapped. The result was as follows:—

	CAPITAL SHIPS	TONNAGE
The United States of America	18	525,850
Japan	10	313,300

As compared with the original standard of 500,000 tons for the United States of America and 300,000 for Japan, the figures worked out at 525,850 for America and 313,300 for Japan, and America was 850 tons in excess of the standard of 525,000 tons aimed at, and Japan was 1,370 [*1,700*] tons behind the standard of 315,000 tons aimed at.

Great Britain now proposed to add two new post-Jutland ships and to scrap a certain number of old ships in compensation. He asked whether Mr. Balfour proposed to complete two ships that exceeded the tonnage of 35,000 tons?

Mr. Balfour replied that this was his proposal. He would like to observe at this point, however, that he would like to keep the old ships until the new ships were completed.

Mr. Hughes pointed out that the Mutsu was finished, and the American ships were within a few months of completion. The difference in Great Britain's case was that she would have to build almost from the start. The largest ship which America and Japan would possess would be of less than 35,000 tons, which was the limit which had been proposed in the American programme. The greater the tonnage that was put into the new ships at the top of the list, the larger the tonnage which would have to come off at the end.

Mr. Balfour pointed out that, owing to the fact that these were ships of an entirely novel type, they had required a great deal of effort in their design. If this design were sacrificed the whole of the labour would be lost. Much experiment had been carried out towards their design, and a good deal of this was adapted to the design of these big ships and would not be of value in the case of smaller ships. Moreover, the contracts in the case of the bigger ships were not suitable for the contracts in the case of the smaller ships. This was a very serious matter. Further, a year would be lost in making fresh designs and in other preliminary work which would have to be carried out. Consequently, a considerable time would elapse during which Japan would be in possession of two post-Jutland ships, and America of 3 post-Jutland ships. Whatever conclusion might eventually be reached, these were considerations of substance and force. Mr. Hughes' counter-argument also had force, namely, that if Great Britain were to build the big ships they would have to sacrifice more than their numerical equivalent. That he fully admitted.

Mr. Hughes pointed out that the new standard aimed at was 525,000 tons for the United States of America and Great Britain and 315,000 tons for Japan. In working out the original programme the figures for Great Britain had worked out at 600,000 tons, of which 100,000 tons had been allowed owing to the greater age of the British vessels. He himself fully recognised the difficulty of the British position and the justice of what Mr. Balfour proposed. If, however, Great Britain was now to have two ships of 43,000 tons (Mr. Balfour interjected that they would be in excess of 43,000 tons), when the time came for replacement the difficulties would be greater than if each was willing to be content now with ships of 35,000 tons, and no awkward situation would arise in regard to the tonnage limit. It was true that Great Britain possessed one Hood of 43,000 tons, but it was admitted that she was not a complete post-Jutland ship, and allowance had been made for the fact that this detracted somewhat from the full efficiency of the 43,000 tons. If, however, Great Britain were now to complete two post-Jutland ships of 43,000 tons, the situation would be changed. It would be a great advantage, therefore, if Mr. Balfour could see his way to reduce the tonnage and thereby eventually save the scrapping of one ship.

Mr. Balfour asked Mr. Hughes to consider what the British position would be during the next four years. She would not possess a single completely post-Jutland capital ship, whereas one of the other navies under consideration would possess three, and the other two post-Jutland capital ships.

Mr. Hughes pointed out that during the construction period of three or four years equalisation would be made up by means of old ships. At the end of four years Great Britain would be in the same position as the United States of America and Japan.

Mr. Balfour said he quite realised Mr. Hughes' point, but unfortunately not less than a year would have to be added to the construction period for the designing of a new type of ship.

Mr. Hughes said he had not wished to make any difficulties, but he thought it would be helpful if Great Britain could keep within the maximum of 35,000 tons.

Mr. Balfour said he understood that during the construction period equality would be obtained by the retention by Great Britain of a certain number of old ships. At the end of that period we should have two ships more powerful than any which the United States of America or Japan possessed, but America would possess three post-Jutland ships which would in the aggregate be superior to the British three.

Mr. Hughes expressed doubts as to this, owing to the fact that the British ships would be of 43,000 tons.

Mr. Balfour pointed out that the Hood, though she was of 43,000 tons, was not a very good design and did not embody all the lessons of the Battle of Jutland. If the situation would be tolerable in its early stages, did it not become intolerable to Great Britain in its later stages?

Mr. Hughes said the American proposal had been that there should be no ship larger than 35,000 tons, and nothing should be built until the end of the ten years, although planning could go on in the interval. It occurred to him that if Great Britain would retain a sufficient number of ships to equalise the difference and built ~~three~~ *two* new ships of a size of 35,000 tons, that is to say, equal to the largest American and Japanese ships, it would be a simpler proposition. He thought that Great Britain might derive advantage by having more ships, owing to the fact that she ~~had~~ *would have* to scrap fewer *ships* than she would have done, ~~from~~ *in consequence of* the excessive tonnage contemplated for the new ships. Both he and Baron Kato agreed that in the new situation Great Britain ought to have the right to build two capital ships. The only question that remained was as to what, for want of a better term, he would describe as the "calibre" of the new ships, and the amount of the tonnage to be scrapped in order to achieve equalisation.

Mr. Balfour asked how it would work out in tonnage if Great Britain scrapped four ships, that is to say, reduced her ultimate number by two.

Mr. Hughes, turning to a list of ships, said that if Great Britain were to scrap, for example, the Ajax, Centurion, King George and Erin, this would make a total tonnage of about 96,000 tons for the four. If the new ships were of approximately 45,000 tons, the aggregate of the two would amount to 90,000 tons. The original figure allotted to Great Britain in the proposal of the United States Delegation had been 604,000 tons. If 96,000 tons were deducted from this for the ships to be scrapped, and 90,000 tons were added for the new ships, the result would be to leave Great Britain with 598,000 tons. This would include the two new capital ships and the Hood. The figure of 598,000 tons would compare with 525,000 tons in the case of the United States of America. As the new British ships were of greater value, it would give Great Britain a considerable excess of tonnage.

Mr. Balfour said he understood Mr. Hughes' argument to be that the excess of tonnage allowed in the original scheme had been due to the antiquity of some of the British ships.

Mr. Hughes agreed. In order to bring down this excess to the American level it would be necessary for Great Britain to pull out three more ships. If, however, she were to limit her new ships to 35,000 tons, the additional ships to be scrapped would be fewer.

Mr. Balfour remarked, in parenthesis, that some confusion arose in regard to these questions of tonnage owing to the fact that the American system of measurement differed from the British. He was not sure which they were talking of.

Mr. Hughes said he was not quite sure, but the figures he gave had all been reduced to a common basis.

Mr. Balfour said he was very reluctant to cause delay, but now he felt he had obtained certain precise points which he must put to his experts. He understood the position to be as follows. The British Admiralty experts felt profound reluctance in sacrificing the new designs. This reluctance was partly due to the fact that they would like to see their new design brought to fruition, but partly also because if compelled to adopt a maximum of 35,000 tons they would have to make up for loss of tonnage by superior efficiency. The Americans and Japanese had always recognised that Great Britain had to make up for the deficiency in the quality of her ships by additional numbers. The British Naval Experts did not like this, and they wanted to shorten the period during which it held good. Instead of being shortened, however, the time would be lengthened by the necessity for new design, new experiment, and the placing of new contracts. His experts were most anxious, therefore, to keep their new design of capital ships.

Mr. Hughes said that he was anxious, if possible, to keep the maximum down to 35,000 tons; otherwise there would be an effort made between the various countries to outbuild each other by means of the size of their ships. There were two points to be settled: first, whether Great Britain was willing to adopt this proposal, which reacted upon the replacement period; and, second, how many ships Great Britain was to keep. His proposal was that if the Mutsu were retained and the Settsu were scrapped, and the corresponding changes were made in the American navy, the limits of tonnage would be altered but the ratio would be retained. The original figure of 500,000 tons for the American navy would become 525,000 tons, and the figure of 300,000 tons for the Japanese navy would become 313,000 tons. Great Britain, on the original basis, was to have 604,000 tons, that is to say, 79,000 tons more than the new limit for the American navy. That calculation had been based on the age of the British ships. This would hold good until such time as the new ships were built, but not thereafter. If Great Britain were to build two ships of 45,000 tons, that is to say, an aggregate of 90,000 tons, and this were added to the 75,000 tons previous excess (the difference between 600,000 tons and 525,000 tons) she would obtain a total excess of 165,000 tons for which no reason could be given, since she would by that time possess the new ships. If some of the older ships of from 23,000 to 24,000 tons were scrapped to compensate for this, the

number would *require to* be 6 or 7 in order to scale Great Britain down to the American basis of 525,000 tons. During the building period, however, Great Britain would be allowed to retain her excess tonnage for the purposes of equalisation.

Mr. Balfour said he quite understood the situation, and would discuss it with his experts.

Mr. Hughes said that he would now wait for Great Britain to make a concrete proposal.

A short discussion took place as to the date and time of the next meeting, and Mr. Balfour undertook, if possible, to continue the discussion the same evening. If he found this practicable he would telephone to Mr. Hughes and Baron Kato, in which case a meeting might be held at Mr. Hughes' house.

In the meantime it was agreed that no communication whatsoever should be made to the Press on the subject of the meeting.

[M. P. A. Hankey]

Washington, *December 14, 1921.*

500.A4b/547½ Secret

Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Home of the Secretary of State, December 14, 1921, 4 p.m.[80]

Present:—

THE UNITED STATES OF AMERICA	THE BRITISH EMPIRE	JAPAN
Mr. Hughes, accompanied by Mr. J. R. Clark	Mr. Balfour, accompanied by Sir Maurice Hankey	Baron Kato M. Ichihashi (Interpreter)

CAPITAL SHIPS.

Mr. Hughes summed up the situation as follows. He, on behalf of the United States of America, had proposed to meet the retention of the Mutsu and the scrapping of the Settsu by Japan by completing the Colorado and Washington and scrapping the North Dakota and Delaware. Baron Kato had agreed to this. Mr. Balfour had proposed to build two additional ships and to scrap a corresponding number of ships. Two questions had been left open. First, what was to be the tonnage of the new ships, and, second, how many ships were to be scrapped in compensation. No objection was felt by Baron Kato or himself to the building of two new British ships. The question arose as to whether the ships

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[80] No agreed official minutes of this conversation were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

The file copy of this memorandum bears corrections by Secretary Hughes. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*.

to be built were to be larger than 35,000 tons, which was the maximum allowed in the American programme and happened also to be the tonnage of the Mutsu. The question of replacement was affected, for if Great Britain built two 45,000-ton ships (Mr. BALFOUR interjected that they would be more), the question arose as to how Great Britain would be affected when the period of replacement began. In the original American programme 604,000 tons had been allowed to Great Britain as compared with 500,000 tons to America, the excess of 104,000 tons being granted in view of the fact that the British ships were older. If, however, Great Britain were to possess two new ships, this would have to be modified. The question therefore arose as to what degree of compensation should be arranged.

Mr. BALFOUR recalled that the reason why Great Britain had desired to have two super-Hoods rather than to begin again and to design two ships of 35,000 tons, was that the former had been complete as regards design, the placing of contracts, the assemblage of parts, the re-modelling of the contractors' plant and machinery, with the result that Great Britain would obtain post-Jutland ships at least a year earlier. He had further pointed out that the Admiralty were anxious to have post-Jutland ships since the Hood was only partially a post-Jutland ship, and Great Britain possessed no other post-Jutland ship, whereas America would possess three, and Japan two. Though in their programme the American Government had done their best to meet British requirements by allowing the retention of a certain number of old ships, yet the naval mind was naturally very reluctant not to possess post-Jutland ships equal to those of other navies. As Mr. Hughes had justly observed, if these ships were built what would be the measure of compensation to be made? He himself had not mentioned any figure, but he was certainly prepared to sacrifice four ships of the King George Vth type, which were roughly equivalent in tonnage to two super-Hoods. Thus the question of tonnage would be left approximately as it was before. To that Mr. Hughes made a natural objection that Great Britain no longer had the right to so large an excess of tonnage, on the ground that the quality of her ships was inferior, because the possession of the two super-Hoods would provide her with ships of an improved quality. As it stood, that was a very powerful argument, and in the form in which he had just stated it it was unanswerable. He had then consulted his experts, who had pointed out that in giving up four King George Vths as compensation for the North Dakota and Delaware, the British were cutting off ships at the lower end of the list where the actual superiority in comparative value of the ships was to the advantage of the British. But when they looked higher up the list to capital ships which would

be retained, the advantage was all with the United States of America. He invited Baron Kato's attention to the corresponding ships on the list, from which he would see that the British ships were inferior both in tonnage and in age; in addition to which it must be borne in mind that the British ships had deteriorated beyond their age owing to the fact that they had undergone five years of war. That consideration ought to be present to his colleagues, as he had ventured to explain to Mr. Hughes when he had called on him on the previous evening. He had again seen his experts the same morning, and was better able to deal with the situation. That was the case he now presented to his colleagues.

Mr. HUGHES said the point which Mr. Balfour made was very clear. When the American Delegation had made their original proposal and had left to Great Britain 604,000 tons to America's 500,000 tons, notwithstanding that the standard aimed at was 500,000, they had fully taken into account the age of the vessels and the strain of the war. The point now to be considered was the extent to which the production of two great ships of perhaps 48,000 tons, which would be far more powerful than anything possessed by the navies of Japan or the United States, would change the situation. It was manifest that it would alter the tonnage by 96,000 tons. (Mr. BALFOUR interpolated "Even more".) If it was more, continued Mr. HUGHES, the argument would be strengthened. If 96,000 tons were added to the British tonnage in capital ships and the four King George Vths (which were the last ships on the list and were reckoned at about 24,100 tons apiece, namely, 96,400 tons in all) were scrapped, it would leave the tonnage exactly as it was before. That was to say, instead of four old ships, Great Britain would possess two brand-new ships superior to anything in the world, or to anything possessed by the United States of America or Japan. Ton for ton the new ships would balance the old, but the strength of the two would be far greater than the strength of the old; in fact, the tonnage argument took no account of the superiority and efficiency of the fleet to which the two ships had been added. The question was, therefore, as to what would be fair compensation for the great gain in efficiency. If it was said that the tonnage of the two new ships and the four ships to be scrapped was equal and the superiority of the two ships was left out of the argument, Great Britain would still possess a superiority of 104,000 tons as compared with the original standard of 500,000 tons. This standard number had now been increased to 525,000 tons, which left a balance of 75,000 tons to be accounted for. The question was whether this was not too great a disparity. In the opinion of the American experts there was a considerable disparity between the ships of the

Royal Sovereign and Queen Elizabeth classes and the corresponding classes of American ships, but it was not sufficient to compensate for the advantage of 75,000 tons. They thought, therefore, that one additional large ship should be taken off the British list. If this were done he thought that his experts would not object to the British excess. Supposing the Tiger, which was a ship of 29,000 tons, was deducted, it would leave Great Britain with an advantage of 46,000 tons. He did not think his experts would object to that. He had to keep in view the effect not only on his Japanese friends but also on France and Italy. He had not yet spoken to the French Delegation on the subject, but he felt sure if the British tonnage were increased they would make it a basis for an enlarged claim. If Great Britain would be willing to take out one additional big ship he would be able to justify the excess.

Mr. BALFOUR said he was now going to raise a point which he was not sure if Mr. Hughes had in mind, although he ought to have it in mind. Mr. Hughes proposed to allow Great Britain to continue with her two big super-Hoods if she would sacrifice five ships. He would have to consult his experts as to whether it should be the Tiger or some other ship, but he thought the final result would not be very much affected by this. In explaining the new point, however, he wanted Mr. Hughes to cast his mind forward into the period when normal building and replacement had begun, when ships were being scrapped and other ships were being built to replace them in order to produce the results as laid down in the programme. Great Britain would still be in possession of two ships considerably larger than any American and Japanese ships. America would feel bound to say, "You have at your own wish completed two very large ships; now that we are in the normal state of replacement, the result is that you have an advantage over us of from 25,000 to 30,000 tons. (Mr. HUGHES interjected that it would be rather more.) This is an intolerable position".

Mr. HUGHES pointed out that the original British tonnage had been 604,000 tons. If from that was deducted one 29,000-ton ship it would be 575,000 British tons against 525,000 American tons, namely, a difference of 50,000 tons.

Mr. BALFOUR said that he had been discussing the case where the normal situation had been completely reached. America and Great Britain would have 15 ships, and Japan 9, of 35,000 tons, but two of the British ships would be in the region of 49,000 tons. America would then turn round and say that the plan had been that both were to have an equality in tonnage, but that Great Britain had now obtained an advantage of 30,000 tons, so that something must be done to equalise. He asked if Mr. Hughes had considered this point.

Mr. HUGHES replied that he had. His thought, however, had been that when Mr. Balfour came to consider the matter with his experts he would see that when this period was reached these big ships would prove an embarrassment. Great Britain would have ~~had~~ them on her hands for 20 years, so that a long time would elapse before they could be replaced. In the meantime they would be occupying a big share of her tonnage and would defer her right to replace with 35,000-ton ships. What he had been wondering was how the British Delegation would propose to surmount the difficulty, which was one from which escape was not easy. The reason for this was that though it was a simple matter now to consider excess and to put it on a firm basis by scrapping other ships, yet, as the normal period was reached, the excess tonnage of these ships would prove a disadvantage.

Mr. BALFOUR said he was not disinclined to agree. He wished to point out, however, that the American experts were inclined to exaggerate the offensive capacity of the super-Hoods. He understood that they were very large because they had been provided with a strong defence against submarines and aircraft, which involved a very great increase in tonnage. Although very powerful offensively, they were not so powerful as the American experts had assumed.

Mr. HUGHES said he had heard this, but nevertheless they ~~accounted for~~ *would give rise to* a great disparity.

Mr. BALFOUR said that what it came to was that the British Empire Delegation would have to choose between two ships of 35,000 tons, with a sacrifice of two King George Vths, and two super-Hoods, with a sacrifice of four King George Vths and the Tiger. In referring to the 35,000 tons, however, he would like to remark that for the moment he wished to have it regarded as an open question as to whether a 35,000 tons limit was to be preserved. He must discuss the question without prejudice to that, for he believed he could give reasons for an increase in this maximum figure.

Mr. HUGHES, taking up the point of the two ships of 35,000 tons, pointed out that they would have an aggregate of 70,000 tons. Two King George Vths, however, would only have a tonnage of 48,000 tons. Consequently if only two ships were scrapped, not only would Great Britain obtain the advantage of two new ships, but if only 48,000 tons were to be scrapped she would obtain a further advantage of 32,000 [81] tons. It was true that Japan, owing to the addition of the Mutsu, was adding to her tonnage so as to raise it to ~~525,000~~ *313,000* tons, but the disparity granted to Great Britain owing to the age of her ships would now vanish, because the 35,000-ton ships would have been added. The two 35,000-ton ships would aggregate

[81] Apparently this should read "22,000".

70,000 tons, and if this was added to the original tonnage of 104,000 tons the result would be a surplus of British tonnage of 174,000 tons. As compared with the new American standard of 525,000 tons, this would give an advantage of ~~159,000~~ *149,000* tons. If this amount were reduced ton for ton, it would be necessary to scrap older ships to the total of ~~159,000~~ *149,000* tons. Some compensation, however, was due to Great Britain owing to the inferiority of the Royal Sovereign and Queen Elizabeth Classes. Hence a serious problem arose for consideration in connection with the two ships of 35,000 tons. This problem was how to compensate for the increased efficiency of the new ships. To put the matter in a concrete form, supposing Great Britain were to build two 35,000-ton ships, this would make a total of 70,000. If she were to scrap four of the King George Vth Class this would account for 96,000 tons. Deducting this from the 674,000 tons it would leave Great Britain with 578,000 tons, that is to say, an excess of about 50,000 tons above the American standard, which seemed to him to be a very liberal allowance to make for the Royal Sovereign and Queen Elizabeth Classes. In other words, the result would be similar to that produced in the case of the calculation for the two super-Hoods, where the Tiger, of 29,000 tons, was also to be scrapped as compensation for their greater efficiency. If only two King George Vths were scrapped to compensate for two 35,000-ton ships, it would leave Great Britain 48,000 tons ahead in addition to the excess efficiency of the new ships.

Mr. Balfour asked what was Mr. Hughes' view, therefore?

Mr. Hughes said that he had not discussed the matter finally with his experts, but he thought if Great Britain were to build the two super-Hoods and scrapped four King George Vths and one Tiger, she would still have an excess of 50,000 tons, but this would be compensated for by the advantage America had over the Royal Sovereign and Queen Elizabeth Classes; but if Great Britain was willing to content herself with two ships of 35,000 tons, though she would still have to sacrifice the four King George Vths, she would be able to save the Tiger. The excess of British tonnage would in this case still have to be justified to the French, but he thought that, having regard to the fact that the Mutsu was launched, and to the age of the older *British* ships, this could be done.

Mr. Balfour said he thought this was a fair statement of the general argument. He thought he would have to discuss the matter again with his experts. He would like to be in a position to say that agreement had been reached subject to the choice between two alternatives, namely:—

First alternative: Great Britain to build two super-Hoods and to scrap five old ships.

Second alternative: Great Britain to build two 35,000-ton ships and to scrap four ships, though he could not say whether his experts would agree that four was the proper equivalent.

Mr. HUGHES agreed that this was the proposition, provided that Baron Kato was in agreement.

Baron KATO said he had no objection to the alternative proposals.

Mr. BALFOUR proposed that as this was a matter he would have to discuss with his experts he would leave this question, which involved a certain amount of bargaining, and raise a question of naval merits, which related to the 35,000-ton basis. The British experts wanted the 35,000 tons raised either to 40,000 tons on the American basis or else to 35,000 tons on the legend ton basis. This raised an important point. All three navies were limiting size and number of capital ships, but the Conference was placing no limitation on the development of air power; they might find it impossible to limit submarines, and they certainly could not limit the development of mines. Thus they were limiting their power in capital ships, and leaving the development of aerial and submarine attack untouched, so that all nations, small and great, could develop these to the fullest possible extent. He doubted whether the three Powers were well-advised in this. His advisers thought that it was necessary to develop and increase the amount of protection. It was not possible to do that and to maintain the gun power. He was well aware that there was a difference of technical opinion between the British naval experts, on the one hand, and those of the United States and Japan on the other. The latter put heavier guns into their ships, and the British used the weight in other directions. However, all, as naval Powers, were in the same boat as regards the importance of developing methods of protection. He wished that his colleagues would consult their experts as to whether it was not necessary for this reason to increase the size of the capital ships. The question also arose as to whether they should not keep in mind the possibility, if the power of aerial and submarine attack should develop, of meeting again to re-consider the situation.

Mr. HUGHES said that as all the calculations of the present Conference had been made on the basis of the American tonnage he thought it would be best to adhere to this and to consider Mr. Balfour's proposal for an increase to 40,000 tons. He himself was as innocent of knowledge on this question as anyone. His own idea was that it was not so important what the figure was as that there should be a figure. His object was to avoid competition in size more than anything else. That being the main consideration, they had taken

35,000 tons as the limit, since this was the size of the largest ship afloat. He himself had not read very much naval literature, but he had been struck with the great difficulty of making any prognosis in regard to naval architecture. It was impossible to find any basis of calculation as to the way in which it was likely to develop. Some invention might make capital ships perfectly useless, or, on the contrary, some counter discovery might make them more valuable than ever. Hence, if their mutual interests were threatened there would be no difficulty in making arrangements to extend the tonnage. In regard to the proposal for immediate extension, however, if 40,000 tons were taken as the basis it might be found later that they ought to have taken 45,000 tons, or 50,000 tons, or, alternatively, they might prefer to keep it at ~~30,000~~ *35,000* tons. At present all were totally in the dark as regards the future. He himself would not be disposed to interpose any particular difficulty in regard to a change in the figure, except that he disliked encouraging any increase in size. Supposing Great Britain were to build two super-Hoods, he himself might feel some satisfaction in it, since he was glad to see a great and friendly Power adequately equipped, but he did not much like going to the Conference with a proposal that Great Britain should have ships bigger than any other nation in the world. This would be taken badly by the world, ~~but~~ *and he would not like to say that* he had to agree to it because of the necessity. If, added to that, the whole world was going to follow Great Britain's example and build bigger ships, it would be a further step in the same direction, which would not be popular.

Mr. Balfour said that Great Britain felt the air and mine peril more than the United States of America, because their ships had to work in narrow seas where there were many Powers which could threaten them.

Mr. Hughes pointed to the enormous expense of building these ships.

Mr. Balfour said he did not pretend to like this, and he feared the Chancellor of the Exchequer would be very depressed.

Baron Kato said he would like to say a word on the point raised by Mr. Balfour, from the standpoint of an expert. He thought there was much wisdom in the proposal to limit the size, but he thought that the size of the guns should also be limited; otherwise there would be a competition in guns also. In regard to this, if 16 inches were fixed as the maximum size of guns, then a competition would arise as to the nature of the gun. The competition would take place in regard to its technical character, and each nation would try and make a more powerful gun of that calibre than was now

known of. In regard to vessels, he thought that 35,000 tons was an ideal medium, from an expert point of view.

Mr. Balfour said that at any rate the practical point was that he must consult his experts as to the two alternative proposals, which he summed up as follows:—

Alternative I. Great Britain to build two super-Hoods and to scrap four King George Vths and one Tiger.
Alternative II. Great Britain to build two 35,000-ton ships and to scrap four King George Vths.

He said he was anxious, in discussing the matter with his experts, to do justice to Mr. Hughes' arguments. As Sir Maurice Hankey had found a difficulty in taking down the exact argument used by Mr. Hughes before, he would ask him to repeat it.

Mr. Hughes said that the original proposal as regards the United States and Great Britain involved the following results so far as tonnage was concerned:—

The United States of America	500,000 tons
Great Britain	604,000 tons
Difference	104,000 tons

Great Britain now proposed to build two 35,000 ton ships, making an aggregate of 70,000 tons. Adding the 70,000 tons to the 104,000 excess, the total excess was 174,000 tons. From this it was necessary to deduct the four King George Vths, namely, 96,000 tons. This left a result of 78,000 tons excess over the original American scheme of 500,000 tons, namely, 578,000 tons as compared with 500,000 tons. The American standard, however, had now been increased to 525,000 tons, which left an excess of 53,000 tons. This was to be taken to represent the difference of efficiency between the British Royal Sovereign and Queen Elizabeth Classes and the corresponding American Classes, owing to the greater age of the former. He thought that that was a very liberal allowance, considering the excess of tonnage which the two new British ships would have over the Maryland's. The question was whether that was an adequate or inadequate allowance. If only three King George Vths were scrapped the disparity would be 77,000 tons. That struck him as being rather too liberal an allowance.

Baron Kato said the proposal was agreeable to him.

Mr. Hughes said he thought it would be agreeable to his experts.

The Conference adjourned at 5–20 p. m., to re-assemble at Mr. Hughes' house at 6–30 p. m.

[M. P. A. Hankey]

Washington, *December 14, 1921.*

500.A4b/547½ Secret

Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Home of the Secretary of State, December 14, 1921, 6:30 p. m.[82]

PRESENT—

UNITED STATES OF AMERICA	BRITISH EMPIRE	JAPAN
Mr. Hughes, accompanied by— Mr. J. R. Clark and Colonel Roosevelt	Mr. Balfour, accompanied by Sir Maurice Hankey	Baron Kato, accompanied by— M. Ichihashi (Interpreter)

CAPITAL SHIPS.

Mr. BALFOUR said that he had spent the last hour discussing the question with his experts. They had been satisfied that as one of the possible alternatives to be put up to the Admiralty, was the scheme whereby Great Britain would be permitted to build two super-Hoods and would have to scrap the four King George V's and one of the battle cruisers, but the British experts wished to be able to decide whether they would scrap the "Tiger" or the "Repulse". There were certain technical considerations upon which the choice of the ship to be scrapped depended and these required further examination. He was inclined to think it did not make much difference as the "Tiger" was only 2,000 tons larger than the "Repulse". Subject to this, the experts were prepared to accept alternative 1 as one of the plans to be submitted to the Admiralty.

In regard to Alternative 2, what troubled them most was that the 35,000 ton limit involved therein was calculated according to the American system and not according to legend tonnage. They would be quite prepared to accept the figure 35,000 tons if it was expressed in legend tonnage, which he understood was the accepted term employed by constructors in Japan, France and other countries. They did not claim that the British method of calculating was any better than the American. For his part he was inclined to think that the British system was more artificial than the other, though this was immaterial. What was not immaterial was the size of the ship, which would be larger under the British method of calculation. If the legend ton were taken instead of the ton taken in the American programme, it would be possible, while meeting the British Admiralty's requirements, to keep the same figures as Mr. Hughes had proposed. The only difference would be that the new ships built

[82] No agreed official minutes of this conversation were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

The file copy of this memorandum bears corrections by Secretary Hughes. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*.

would have an increased size of about 4 per cent. Why did the British naval experts prefer the legend basis for tonnage? The reason was one which concerned all the three Great Naval Powers and concerned Great Britain more than any other. The reason had nothing to do with a comparison of Navies or of the value of ship against ship, but unless the British were allowed to increase the size of the ship from 35,000 tons, as proposed in the American scheme, to 38,000 tons, which would be the equivalent legend tonnage, it would be impossible to provide in the British ships for adequate protection against attack by submarine mines, aircraft and submarines. All Navies were exposed to these dangers, but the British more than any other, since the British fleet had to work mainly in narrow and shallow seas which would be infested by submarine mines, submarines and aircraft. The British Navy, therefore, was more concerned in this question than the United States of America and Japan, although the latter were also concerned to a considerable extent. The British naval experts clearly held that unless they could obtain this increase in tonnage, they could not design a ship with adequate protection against the forms of attack he had mentioned. They pointed out that nothing was being done by the Conference to stop the development of submarine mines, aircraft or submarines. All these were left open to improvement whereas nothing was being done to combat them by any means which would involve an increase in the size of capital ships, and he understood that increased size was essential to improve protection. For this reason the British experts most earnestly pressed that if the second alternative were adopted, it might be interpreted on the basis of legend tonnage.

Mr. Hughes asked what the increase under legend tonnage amounted to.

Mr. Balfour replied about 4 per cent.

Mr. Hughes said that this was a very small allowance which could perhaps be adjusted. Both the United States of America and Japan were building ships which were subject to the risks which Mr. Balfour had mentioned.

Mr. Balfour said they applied to all the existing British ships.

Mr. Hughes asked Colonel Roosevelt for his view on the British proposal to build ships up to 38,000 tons.

Colonel Roosevelt said that there was a difference of opinion between the British and American naval experts.

Mr. Balfour said he believed they were in agreement on this point.

Colonel Roosevelt thought that this was not the case. At any rate, there was a possibility of a considerable difference of opinion. The American naval experts admitted that the larger a ship was

the better it could be protected. They claimed, however, that a ship could be built to take a 16″ gun and which was provided with adequate protection against the forms of attack Mr. Balfour had mentioned in a ship of 32,000 tons. The figure 38,000 tons mentioned by Mr. Balfour was one which did not appeal to the American experts who work between a range of 32,600 tons and 42,300 tons. Their view would be that 38,000 tons was half way between the two.

Mr. BALFOUR said it was very extraordinary how experts differed, but he was doubtful whether the British advisers would put 16″ guns even in a ship of 38,000 tons. His naval advisers asked how they were to justify the adoption of a size limit for ships which in their opinion did not at the present time give adequate protection even against existing weapons, more especially when they took into consideration that British ships had to operate in the narrow waters of the North Sea, the Channel, down the Bay of Biscay and through the Mediterranean. How, he asked, could they justify this?

Mr. HUGHES asked, therefore, whether, in the view of the British naval experts, the suggestion of a size limit of 35,000 tons was inadmissible.

Mr. BALFOUR said that if the term legend tons was used the proposal was admissible.

Mr. HUGHES said he understood this point as regards the first proposal. He said that this was equivalent to 38,000 tons. He asked whether, therefore, the second alternative which had contemplated two ships of 35,000 tons was withdrawn.

Mr. BALFOUR said that it was regarded as an alternative if the 35,000 tons could be treated as legend tons, that is to say, the equivalent of 38,000 tons under the American method of calculation.

Mr. HUGHES asked whether it was contemplated that this should be the maximum for future ships.

Mr. BALFOUR replied in the affirmative.

Mr. HUGHES said that the maximum of 38,000 tons was not a convenient one for the American Navy.

Colonel ROOSEVELT said that he would have to go into this question very carefully. The proposal took his experts into a new realm altogether.

Mr. HUGHES asked if Mr. Balfour would object if the maximum size of a ship was raised to 43,200 tons.

Mr. BALFOUR said he thought his experts would not object. He himself had no reason for objection apart from the general reasons against raising the size of the ship, which Mr. Hughes had mentioned at the previous meeting.

Mr. HUGHES said that the American understanding was that if the 35,000 ton limit were departed from, it ~~would~~ *might* be necessary to raise the limit to 43,200 tons.

Colonel Roosevelt said that it would be 43,200 tons.

Baron Kato said that it was a question of deciding the maximum size of a vessel. Every nation measured tonnage on a different method and if each nation was allowed to adopt its own, great confusion would result. It was necessary, therefore, to decide on some method of calculation at the outset. In regard to Mr. Balfour's proposal for raising the maximum to 38,000 tons, he was not quite able to see the point. The calibre and the character of a ship depended upon the constructor. The nature of the defensive protection provided depended upon the size, but so did the weapon which it carried. It was possible to design any ship so as to make it capable of defence and this did not really depend upon the tonnage. Once the tonnage was fixed the constructor could be given instructions accordingly to devote a certain amount of the tonnage available for the provision of defence. Supposing 35,000 tons were taken as the limit, it was possible that instead of increasing the offensive capacity of the ship, to increase its defensive. If all nations adopted the principles they desired, it would be the same for all. The same problem would result whether the maximum size of a vessel were taken as 38,000 tons or 35,000 tons. It would arise indeed, irrespective of size. The best plan he could suggest was to adopt some method of fixing the tonnage and then to decide on the methods of defence.

Mr. Balfour said the wish of the British Delegation was that whatever the maximum size might be, the ships of the various nations should be equal in fighting capacity. That was a limitation imposed by each of the three naval Powers on the others. All had a common interest in not allowing their ships to be destroyed from the air or from the water. If the limit was taken as 35,000 tons, his experts maintained that a British ship could not be built which was equal in fighting efficiency to the ships of the United States of America or Japan, unless they sacrificed the provision of proper defence against aircraft and submarine attack. They would probably say that the Americans and Japanese had made a mistake in putting in such powerful guns and had neglected the defence against submarine and aircraft attack. They might be right or they might be wrong in their view, but the British Navy was in a different situation owing to the fact that its ships had to serve in the narrow waters of the North Sea and the Mediterranean. They maintained that equality could be achieved by raising the maximum to 38,000 tons and leaving the distribution between defensive and offensive capacity as desired by the naval experts.

Mr. Hughes said he understood Mr. Balfour to mean that given two ships of a certain fighting power, Great Britain required additional protection owing to the fact that they had to work in the

narrow seas. If they tried to obtain the necessary protection within the limits of the 35,000 tons, they would have to submit to an armament that was inferior to America and Japan.

Baron KATO said he did not quite like to enter into this argument because it fell in the category of expert discussion and perhaps he would only create greater difficulties by presenting his arguments.

Mr. HUGHES thought that he and his colleagues would be enlightened if they heard Baron Kato's view.

Baron KATO said that relative tonnage and geographical conditions created problems of a more complicated character than the mere size of a ship. He thought that from the expert point of view what Mr. Balfour had said was justified. He would call attention to the fact that each nation interested in naval power would feel a special interest in what other naval Powers were doing. If they found that what other nations were doing was of an exemplary character, they would follow suit. In regard to the protection of capital ships, England had more experience than any other nation. America also had some experience and so had Japan. If owing to her geographical situation, Great Britain found it necessary to provide special protection for her ships, other nations interested in naval matters were likely to follow suit. So in practice it amounted to this, that the geographical situation would in the end have nothing to do with the size of the ship. There was no special relation between the two because other nations would soon follow the example of Great Britain. He had not presented this view because he was neither for nor against Mr. Balfour's proposal to increase the size to 38,000 tons. The conclusion he had come to was that the important thing was to adopt some maximum figure of tonnage as a basis of calculation; fix the size of the vessel and then leave the rest to the naval architect.

Mr. HUGHES said that in any case, as regards the method of calculation, everything should be reduced to a single basis as *had been done* up to the present time. As the figures had been calculated on the American method, he thought it would cause great inconvenience suddenly to change to some other basis. It would be perfectly possible whatever they settled, to bring the calculations to the American basis. On that basis Mr. Balfour asked for an increase of about 3,000 tons in the maximum size of a ship. The question was whether this basis of 38,000 tons should be accepted or whether it should be raised to 43,200 tons, as proposed by Colonel Roosevelt. Taking Mr. Balfour's first alternative proposition, he understood that it would stand in the original form except that Mr. Balfour suggested that the choice between the "Tiger" and the "Repulse" should be left to the British Admiralty. So far as the United States Admiralty was concerned, he had no objection to this.

Baron KATO also agreed to this.

Mr. HUGHES asked whether if the limit of 38,000 tons were conceded, Great Britain was willing to scrap four ships to compensate for the two she would be permitted to build?

Mr. BALFOUR replied that he was prepared to accept this.

Mr. HUGHES pointed out that if the 38,000 tons were raised to 43,200 tons, as proposed by ~~the American Delegation~~ *Col. Roosevelt*, the British would presumably be allowed to build a ship of 43,200 tons and that would affect the total tonnage figures and the compensation proposed.

Colonel ROOSEVELT said that he would like to consult the Chief Constructor of the United States Navy in regard to the proposed 38,000 tons limit. He was the only man who could give an answer within two or three hours.

Baron KATO said that if there was any question of raising the 35,000 tons limit, he would have to consult his naval advisers.

Mr. HUGHES said that now all were agreed in regard to the first proposal, if Great Britain were to build two ships of 49,000 tons it would leave the question of the future maximum in the air. He presumed that the maximum would ~~now~~ *then* have to be raised to 50,000 tons for future replacements.

Baron KATO agreed. He thought, however, that in view of the sacrifices that Great Britain had made, she should be allowed to build the two ships of 48,000 tons, but for the future, should be limited to 38,000 tons.

Mr. BALFOUR said that during this discussion he had been thinking the question over. He had fully explained the argument of the experts and on thinking the matter out he was not yet quite convinced that they were right. He did not pretend to be an expert himself, but looking at the matter as a layman, it seemed to him that each nation must choose whether a ship should be protected against underwater attack or whether the available tonnage should be put into gun power. He could not at the moment see why the problem should be different in a ship of 38,000 tons, than in a ship of 35,000 tons.

Mr. HUGHES said that this was the argument which appealed to him. He then began to sum up the present state of the discussion. He understood that the first proposal was accepted by Mr. Balfour as one of the alternatives, with the exception that the British Admiralty should be permitted to choose between scrapping the "Repulse" or the "Tiger", and that the maximum limit for the future should be 50,000 tons.

Colonel ROOSEVELT suggested that the tonnage should be left at 35,000 tons, then if the situation, which it was difficult to foresee in advance, worked out in such a way that the 35,000 tons was inade-

quate, all those concerned would discover the matter and it could be thrashed out again later on.

Mr. HUGHES said that he did not wish to be put in a position of being told by his experts that if he went beyond 35,000 tons he must increase at once to 43,000 tons.

Mr. BALFOUR said he was greatly vexed at finding himself the cause of obstructing the conclusion. He had hoped that Mr. Hughes might be able to see the French and the Italians on the following day.

Mr. HUGHES said that he had contemplated calling the new Sub-Committee on Limitation of Naval Armament on the following morning. Even as it was, he might be able to see the French on the following day, but he thought he ought to see the Italians with them, as they considered that their interests ran together. What he had hoped for was to arrive at a point today when agreement would be reached, so that he might be able to approach the Italians. He also wished to be able to announce an agreement, but no-one could accomplish the impossible. What he wanted to avoid was any announcement which might perhaps be followed by a subsequent dispute.

Mr. BALFOUR asked if it was Mr. Hughes intention to approach the French and Italians with a concrete proposition?

Mr. HUGHES said he would be glad to follow Mr. Balfour's judgment. He wanted to avoid any statement in advance by France from which it would be impossible for her to recede. He thought the Italians would rather wish to reduce their Navy than to increase it, but no doubt, if the French claimed a certain tonnage, the Italians would be bound to follow suit. He himself would be prepared to say to the French that he felt, in view of the position in Europe, the difficulties in regard to Germany and the economic and financial situation in France itself, that the French ought not to build any new capital ships. It was bad enough for her to have to maintain a great army. If it were impossible to have a meeting on the following day, he thought he would have a private talk with the French representatives and make them a suggestion with a view to reaching an agreement. He would endeavour to forestall any absolute demand from the French Delegation and to reach an arrangement which would be good for all. He understood that France had about 220,000 tons of which only 160,000 to 170,000 tons consisted of ships which though old might be included in the category of first class. The difference in the French total from the others concerned was that in view of the depleted condition of their Navy, they could hardly be asked to scrap any ships. That put them on a different basis. It appeared to him that if France were given about 150,000 tons and were granted replacements to maintain it at 170,000 tons, this would be a fair calculation.

Mr. Balfour said he was entirely in favour of Mr. Hughes seeing the French and Italians alone, but he understood that before doing so, he [83] wished to be in a position to say that the Americans had agreed with the British and Japanese.

Baron Kato said that if France would accept 175,000 tons, Japan had no objection. He agreed that this was a fair figure.

Mr. Hughes again summed up the attitude he proposed to take towards France, but pointed out that if France would not accept this, it would ~~egg on~~ *disturb the situation with the* other Powers.

Mr. Balfour said that if France was unreasonable, it would compel Great Britain to claim a greater tonnage and then there would be difficulties for all.

The Conference then adjourned until 11.30 on the following day, at the State Department.

Mr. Hughes said that if agreement was reached he would summon the new Sub-Committee for the afternoon, leaving time for a previous interview with the French and Italian Delegations.

[M. P. A. Hankey]

Washington, *14 December, 1921.*

500.A4b/547½ Secret

Memorandum by the Secretary to the British Empire Delegation of a Conversation at the Department of State, December 15, 1921, 11:45 a. m.[84]

Present:—

The United States of America	The British Empire	Japan
Mr. Hughes, accompanied by Mr. J. R. Clark	Mr. A. J. Balfour, accompanied by Sir Maurice Hankey	Baron Kato M. Ichihashi (Interpreter)

CAPITAL SHIPS.

(1) Mr. Balfour said he was afraid it would be necessary for him to make rather a long speech. He understood, and very highly appreciated, the proposal which Mr. Hughes had sent him by telephone the same morning to increase the tonnage from 35,000 American tons to 37,000 American tons. He wished to place that on record. He must now state the British experts' view, or what he conceived to be their view. He would take what appeared to him to be the less important point first. The British experts would very much like, on practical grounds, to adopt the British and not the American method of calculating tonnage, that is to say, the method of legend tons. They had no criticism of the American

[83] Apparently refers to Mr. Hughes.

[84] No agreed official minutes of this conversation were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

The file copy of this memorandum bears corrections by Secretary Hughes. Words which he crossed out are indicated by canceled type.

method for internal purposes within the State, but they urged that it was a very difficult method to test for international purposes. He understood that under the American method it was assumed that two-thirds of the ammunition and supplies, food, stores and fuel, was on board, together with the crew. That involved dealing with fractions which it would be very difficult to check. Supposing the British Government built a ship, and when it was completed invited the Naval Attachés to check the tonnage; it would be very difficult for them to test whether two-thirds of the stores, etc., were actually on board. The British method, on the other hand, provided for a full complement of stores and ammunition, as well as for the crew, together with 1,000 tons of fuel. To verify these facts was a comparatively simple matter. Hence the British naval experts advocated that if there was to be an international method of calculation, as clearly there must be for this agreement, the British and Japanese system would be preferable to the American. They would prefer, if the American experts would agree, to keep the 35,000 tons limit for future ships, but to measure the tons on the British, not the American, system. Their object, of course, was not to hide away a substantial difference under a verbal similarity, but simply to obtain a more practical method of calculation.

The next argument was one which appealed especially to Mr. Balfour himself. The experts would prefer to have 35,000 legend tons, which, he must remark in parenthesis, they did not regard as the exact equivalent of 37,000 American tons. The reason for this—and they were very earnest about it—was not because they wanted a ship which would be more effective against other surface ships or more powerful than ships of the American or Japanese navies, but in order that they might provide adequate protection against what could now be done, or what would soon be done, by aircraft and under-water attack. The three great naval Powers were all concerned in this problem, and, so far as their battle fleets were concerned, had a common interest. At the moment, no doubt, they were absorbed in discussing surface ships and in trying to reach a certain ratio of strength as between each other. The British Admiralty accepted this ratio in spirit and in truth, but they had another preoccupation. They did not want their surface ships to be shattered by means of new inventions working from the air or under water. They asserted that they could not build a deck strong enough to resist bombs that might be dropped upon it, or a hull able to resist the large torpedo-heads which would in all probability soon be in existence, without a certain tonnage displacement. Imagine, for example, that an attempt were made to construct a capital ship of 10,000 tons with such a deck and such under-water protection as he had postulated. It would certainly not be able to mount any guns, and would probably hardly float. It was essential to have a certain size to

start with, if all the necessary protection was to be provided. They did not want to increase the armaments of these ships against surface vessels, but to obtain protection against quite other dangers. If capital ships were to remain at all, his advisers were convinced that the United States of America and Japan would follow the British example in regard to the provision of such protection. He therefore begged that the British Navy, to whom this menace was immediate and close, should not be asked to build ships insufficiently protected against the form of attack which was most to be feared. That, in his view, was the strong part of the experts' case.

Mr. HUGHES asked what was the concrete proposition?

Mr. BALFOUR said his concrete proposal was that 35,000 legend tons, which he was informed was roughly equivalent to 38,000 American tons, should be adopted.

Mr. HUGHES said there were two points to be considered. First, as to the standard for determining the maximum tonnage for replacement, and, second, the standard to be adopted for the two British ships. In regard to the first point he had not the slightest objection to the adoption of 35,000 legend tons, as adopted by the British and Japanese, instead of the American tonnage basis. A point to have in mind, however, was that in any statement that might be made, nothing should be said which would cause any misunderstanding on the subject. The difference between the two methods was rather difficult for public explanation. He understood that the British experts arrived at a different calculation in converting legend tons into American tons. He himself was quite content to take the calculations of the American experts. They said that 4 or 5 per cent was the maximum measure of difference, and they maintained that 35,000 legend tons were the equivalent of 37,000 American tons. This was not a difference which affected the principle. In any announcement, however, he would couple with the statement that 35,000 legend tons was to be adopted as the standard, a statement that there was a difference of 2,000 tons according to the American calculations between legend and American tonnage. If the British calculations were different, it did not affect the question. Thus, in adopting legend tons there was no difference between them in principle. In considering the application of the legend tonnage to the two new ships, the legend tonnage could be translated again into American tonnage in the same terms. Once again there was no difference in principle. Even if it was a fact that the American experts had not so accurate a method of calculation as the British, it did not really make much odds. As a matter of fact, the American experts considered that the 35,000 legend tons would work out at under 37,000 tons, and that the difference would only be 1,750 tons.

The more he thought the matter over the more concerned he was with the British proposal to build 49,000 ton ships. The fact was that

if this were done the idea would get abroad that Great Britain was starting to build something very much larger than had been known before; it would make people think that the agreement being reached did not make for peace, and would create a strong desire among all the Governments to increase the tonnage of their ships. Thus it might eventually lead to a serious disturbance of the programme. If the British Government would abandon that, it would be a great relief to his mind. He was not prepared to say "No" to it, but it would make a very great difference if the British Government could abandon it. There was also the question of the money cost, which must be very serious to Great Britain, but his main point was the bad appearance it would make. The public would ask why Great Britain required a larger ship than anyone else. That was how the question appealed to him.

Mr. BALFOUR withdrew at this point to consult Admiral Chatfield. On his return,

Mr. HUGHES told Mr. Balfour that Baron Kato said the Japanese did not use the legend basis of tonnage.

Mr. BALFOUR then said that, although he did not quite like acting without referring to his Government, the new situation seemed to throw upon him the duty of coming to an immediate decision. He was immensely impressed with the importance of avoiding further delay. Harm had been done by the delays which had already occurred, and by the continual and inexplicable leakage in the Press, and he felt it was of the utmost importance to get on with the discussion of the French and Italian ratios. He therefore proposed to take the responsibility, on behalf of his Government, of accepting the scheme under which Great Britain would have the right to build two capital ships of 35,000 legend tons, and in exchange would scrap the four King George Vths when the new ships were completed.

Baron KATO said that this arrangement would be quite satisfactory to him.

Mr. HUGHES thanked Mr. Balfour for his statement, which he said was very satisfactory to him.

Mr. BALFOUR repeated that this decision must be subject to the conclusion of a reasonable arrangement as regards the French and Italian navies.

Mr. HUGHES agreed.

Baron KATO asked that the understanding in regard to a *status quo* in fortifications should not be overlooked.

Mr. HUGHES then sent for a Stenographer, and dictated, in the presence of his colleagues, the statement reproduced in the Appendix.[85]

[85] The appendix referred to is not attached to the file copy of this memorandum. The statement as issued to the press is printed *infra*.

During the above dictation Mr. BALFOUR asked that in the first sentence it might not be stated as a definite agreement but that some such term as "Heads of Agreement" might be employed.

Mr. HUGHES amended the draft to include the words "Points of Agreement". He said he thought it would be necessary to have a Treaty in regard to this arrangement, and, subject to ratification, it must state the agreement in regard to the naval ratio, the *status quo* in fortifications, and the arrangement of ships between the Powers concerned. The number of ships had now been fixed on the assumption of agreement between France and Italy.

Baron KATO agreed in this.

Mr. BALFOUR agreed.

Baron KATO asked whether, in the draft, it had been explained that it applied only to capital ships?

Mr. HUGHES consulted the Stenographer, and ascertained that this was the case.

PROCEDURE IN REGARD TO FRANCE AND ITALY.

(2) Mr. HUGHES then described the course of procedure he proposed as regards France and Italy. He would ask M. Sarraut and M. Jusserand to meet him at 2–30, and he would call a meeting of the new Sub-Committee on the Limitation of Armament at 4 p. m. at the Pan-American Building. He would also see the Italian Delegates before this meeting. He proposed to thresh out the question, as far as possible, with the French and Italian Delegates beforehand. He would begin by telling them what had been agreed upon and what it was proposed to make public. His line of argument with the French Delegation would be that a calculation had been made in regard to their relative strength. The French had about 220,000 tons of capital ships, of which 170,000 tons were Dreadnoughts. If these were reduced on the same scale of scrapping as had been adopted for America and the British Empire it would involve a reduction of 40 per cent: that is to say, the French strength would come down to 132,000 tons in capital ships, and Italy would have rather less. It was necessary, however, to recognise the special difficulties of France, who had not been able to build during the War, and not to ask her to scrap ships. Consequently his advisers calculated that a fair proportion would be 175,000 tons. This would give France about 43,000 tons more than she was entitled to, and this would be a fair compensation for the fact that she had not been able to build. Strictly speaking, the Italian ratio came out at 148,000 tons, but he was prepared to allow to her the same as to France. He would not insist on Italy scrapping any ships. He would leave to France what she had in capital ships, but when it came to replacement he

would insist that she must reduce to 175,000 tons. If they demurred to this proposal he would tell them that the principle had not been reached on an academic calculation of national needs but on the basis of the present situation. He would also be prepared to tell them that in the present economic situation of France, which he regretted, he did not see how she could build capital ships. He would invite them to make these proposals at the Sub-Committee themselves but if this request embarrassed them he would undertake to make them himself. He would press them, however, not to make any statement at the Sub-Committee which would in any way commit them.

Mr. BALFOUR said that this was, in his view, an admirable method of dealing with the situation.

Baron KATO agreed.

Mr. HUGHES said that he would first see the French and then the Italian Delegation. He would be perfectly frank with them, but he had some reason to believe that in the end they would yield ~~to pressure.~~ As soon as capital ships had been dealt with he proposed that the Sub-Committee should take up the question of auxiliaries, after which they should proceed to a discussion on submarines, in regard to which he understood the British Empire Delegation would have something to say.

Mr. BALFOUR said that he was bound to ask for the abolition of submarines. He was somewhat disturbed about the application of the ratio to cruisers. He quite agreed, as regards the auxiliaries of the fleet, that the same ratio must be applied as was applied to the fleets themselves, but it was necessary to consider the special position of the British Empire, owing to its distant Possessions and the difficulty of keeping open communications.

Mr. HUGHES said that if the question of capital ships could be got out of the way these other special points could be taken up and discussed in the Committee.

After a short further discussion in regard to the manner in which the question of cruisers and the auxiliaries should be handled, the meeting was adjourned. [M. P. A. HANKEY]

WASHINGTON, *December 15, 1921.*

500.A4b/548½

Statement Issued to the Press by the Conference on the Limitation of Armament, December 15, 1921

The following announcement was made to the Sub-Committee on Naval Armament today:

The following are the points of agreement that have been reached in the course of the negotiations between the United States of America, Great Britain and Japan with respect to their capital fighting ships.

An agreement has been reached between the three Powers—The United States of America, the British Empire, and Japan, on the subject of naval ratio. The proposal of the American Government that the ratio should be 5:5:3 is accepted. It is agreed that with respect to fortifications and naval bases in the Pacific region, including Hongkong, the *status quo* shall be maintained, that is, that there shall be no increase in these fortifications and naval bases except that this restriction shall not apply to the Hawaiian Islands, Australia, New Zealand and the islands composing Japan proper, or, of course, to the coasts of the United States and Canada, as to which the respective Powers retain their entire freedom.

The Japanese Government has found special difficulty with respect to the *Mutsu*, as that is their newest ship. In order to retain the *Mutsu* Japan has proposed to scrap the *Settsu*, one of her older ships, which, under the American proposal, was to have been retained. This would leave the number of Japan's capital ships the same, that is, 10, as under the American proposal. The retention of the *Mutsu* by Japan in place of the *Settsu* makes a difference in net tonnage of 13,600 tons, making the total tonnage of Japan's capital ships 313,300 tons, as against 299,700 tons under the original American proposal.

While the difference in tonnage is small, there would be considerable difference in efficiency, as the retention of the *Mutsu* would give to Japan two (2) post-Jutland ships of the latest design.

In order to meet this situation and to preserve the relative strength on the basis of the agreed ratio, it is agreed that the United States shall complete two (2) of the ships in course of construction, that is, the *Colorado* and the *Washington*, which are now about 90% completed, and scrap two (2) of the older ships, that is, the *North Dakota* and the *Delaware*, which under the original proposal were to be retained. This would leave the United States with the same number of capital ships, that is 18, as under the original proposal, with a tonnage of 525,850 tons, as against 500,650 tons as originally proposed. Three (3) of the ships would be post-Jutland ships of the *Maryland* type.

As the British have no post-Jutland ships, except one *Hood*, the construction of which is only partly post-Jutland, it is agreed that in order to maintain proper relative strength the British Government may construct two (2) new ships not to exceed 35,000 legend tons each, that is, calculating the tonnage according to Brit-

ish standards of measurement, or, according to American calculations, the equivalent of 37,000 tons each. It is agreed that the British Government shall, on the completion of these two (2) new ships, scrap four (4) of their ships of the *King George V* type, that is, the *Erin*, *King George V*, *Centurion* and *Ajax*, which were to have been retained under the original American proposal. This would leave the British capital ships in number 20, as against 22 under the American proposal. Taking the tonnage of the two (2) new ships according to American calculation, it would amount to 74,000, and the four ships scrapped having a tonnage of 96,400 tons, there would be a reduction in net tonnage of 22,400 tons, leaving the British tonnage of capital ships 582,050 instead of 604,450. This would give the British as against the United States an excess tonnage of 56,200 tons, which is deemed to be fair, in view of the age of the ships of the *Royal Sovereign* and the *Queen Elizabeth* types.

The maximum limitation for the tonnage of ships to be constructed in replacement is to be fixed at 35,000 legend tons, that is, according to British standards of measurement, or, according to American calculations, the equivalent of 37,000 tons, in order to give accommodation to these changes. The maximum tonnage of capital ships is fixed, for the purpose of replacement, on the basis of American standards of calculation, as follows:

United States,	525,000 tons
Great Britain,	525,000 tons
Japan,	315,000 tons

Comparing this arrangement with the original American proposal, it will be observed that the United States is to scrap 30 ships as proposed, save that there will be scrapped 13 of the 15 ships under construction and 17 instead of 15 of the older ships.

The total tonnage of the American capital ships to be scrapped under the original proposal, including the tonnage of ships in construction if completed, was stated to be 845,740 tons. Under the present arrangement the tonnage of the 30 ships to be scrapped, taking that of the ships in construction if completed, would be 820,540 tons.

The number of the Japanese ships to be retained remains the same as under the original proposal. The total tonnage of the ships to be scrapped by Japan under the original American proposal, taking the tonnage of new ships when completed, was stated to be 448,923 tons. The total tonnage of the ships to be scrapped under the present arrangement is 435,328 tons.

Under the original proposal Great Britain was to scrap 19 capital ships (including certain pre-dreadnaughts already scrapped) whereas under the present arrangement she will scrap 4 more, or a total of 23. The total tonnage of ships to be scrapped by Great Britain, including the tonnage of the 4 *Hoods*, to which the proposal referred as laid down, if completed, was stated to be 583,375 tons. The corresponding total of scrapped ships under the new arrangement will be 22,600 tons more, or 605,975 tons.

Under the American proposal there were to be scrapped 66 capital fighting ships built and building, with a total tonnage (taking ships laid down as completed) of 1,878,043 tons. Under the present arrangement, on the same basis of calculation, there are to be scrapped 68 capital fighting ships, with a tonnage of 1,861,643 tons.

The naval holiday of 10 years with respect to capital ships, as originally proposed by the American Government, is to be maintained except for the permission to construct ships as above stated.

This arrangement between the United States, Great Britain and Japan is, so far as the number of ships to be retained and scrapped is concerned, dependent upon a suitable agreement with France and Italy as to their capital ships, a matter which is now in course of negotiation.

800.30/8b : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, *December 16, 1921—4 p.m.*

552. Please present to M. Briand the following personal message:

"My dear M. Briand:

In view of your distinguished service at the Conference on Limitation of Armament and of my responsibilities as Chairman of the Conference, I venture to address to you this personal word. I am happy to say that the conversations between the United States, Great Britain and Japan as to the proposal which I made on behalf of the American Government at the opening of the Conference with respect to capital ships, have resulted in a provisional agreement. Great Britain and Japan have accepted the naval ratio as proposed and the reduction of capital ships with such modifications as do not seriously affect the principle involved. Japan keeps the *Mutsu* and scraps the *Settsu*. The United States finishes two ships,—the *Colorado* and the *Washington*, now about 90 per cent. completed, and scraps the *North Dakota* and *Delaware*. Great Britain will build two new ships and scrap four, to wit: the *Erin*, *King George V*, *Centurion* and *Ajax*. The result is that the United States still scraps 30 ships, that is, 13 of the ships under construction, and 17 instead of 15 of the older ships, leaving the number of ships the same as under the original proposal, with a tonnage of 525,000 tons instead of 500,000 tons. Thus the United States scraps 322,000 tons of her

ships (exclusive of pre-dreadnaughts). Great Britain and Japan scrap to an equivalent extent. Japan retains the same number of ships as proposed and scraps 17 as proposed, her new tonnage being 313,300 instead of about 300,000.

Great Britain scraps 22,600 tons more than originally proposed, leaving her tonnage 582,000 instead of 604,400, her excess being allowed in view of the age of her existing ships. The new limits are very little different from those proposed, being 525,000 tons for the United States and Great Britain, and 315,000 tons for Japan. The naval holiday as to capital ships is agreed upon except for the construction of the ships above-mentioned. In short, under the original American proposal there were to be scrapped by the three Powers 66 capital fighting ships, built and building, with a total tonnage (taking ships laid down as completed) of 1,878,000 tons. Under the present arrangement, on the same basis of calculation, there are to be scrapped 68 capital fighting ships, with a tonnage of 1,861,000 tons.

You will thus observe that there has been simply a slight readjustment in the three navies with respect to the ships retained, but that the sacrifices proposed by the American Government have substantially been made and the principle as laid down is being carried out so far as these three Powers are concerned.

The agreement, however, as to the number of ships to be retained by them is dependent upon an appropriate agreement with France and Italy with respect to their capital ships. Italy is desirous to reduce her capital ships, because of the obvious requirements of her economic life, to the lowest possible basis and there will be not the slightest difficulty in making an agreement with Italy if we can reach a suitable understanding with France.

You will observe the attitude of France will determine the success or failure of these efforts to reduce the heavy burden of naval armament.

In dealing with Great Britain and Japan we have taken facts as they are. We have avoided an academic discussion of national needs and aspirations which in the nature of things could not be realized. It has been pointed out that the ratio of strength in capital ships is that which exists and that it is futile to desire a better one, for it cannot be obtained if nations with abundant resources build against each other in competition. The pre-dreadnaughts possessed by the three Powers are to be scrapped without any suggestion of replacement, and there has been a reduction of over 40 per cent. of the naval strength represented by dreadnaughts and super-dreadnaughts. Now France has 7 dreadnaughts, with a tonnage of 164,500. Reducing in the same proportion as the United States has reduced, her tonnage of capital ships would be fixed at 102,000, or if the pre-dreadnaughts of France were taken into the calculation on her side although omitted on the side of the United States, the total tonnage of France's capital ships being taken at 221,000, a reduction on the same basis would reduce France to 136,000 tons.

This would be the sacrifice of France if she made the same sacrifices that have been made by the other Powers. We do not ask this. We are entirely willing that France should have the benefit of an increased tonnage which would preclude the necessity of her scrapping

her dreadnaughts; that is to say, her present strength in dreadnaughts is about 164,000 tons, and there is not the slightest objection to allowing this and an increase over this, or a total of 175,000 tons, which would be more than 70,000 tons over what she would have on the basis of relative strength as it exists.

If it be said that France desires a greater relative strength, the obvious answer is that this would be impossible of attainment. If such an agreement as we are now proposing were not made, the United States and Great Britain would very shortly have navies of over a million tons, more than 6 to 1 as compared with France, and France would not be in a position to better herself, much less by any possible endeavor to obtain such a relative strength as has been suggested. In short, the proposed agreement is tremendously in favor of France by reducing the navies of Powers who not only are able to build but whose ships are actually in course of construction, to a basis far more favorable to France than would otherwise be attainable. The proposed agreement really doubles the relative strength of the French Navy.

In these circumstances I feel that the suggestion that has been made that France should build 10 new capital ships in replacement with a tonnage of 300,000 tons or more suggests a program of such magnitude as to raise the greatest difficulties. In fact, I regret to say that after canvassing the matter thoroughly and taking the best information I can obtain, I am compelled to conclude that it would not be possible on this basis to carry through the agreement.

I need not point out to you our great desire, which you yourself have so eloquently expressed, that the economic burden of armament should be lifted. It is not against the interests of France that we express the hope that her industry and resources will be devoted to economic recuperation and the enhancement of her prosperity rather than be expended in the building of fighting ships. The particular situation of France with respect to land armament you have vividly portrayed, but that points, as it seems to us, to the very great importance of reduction in naval armament. At this time, when we are anxious to aid France in full recovery of her economic life, it would be most disappointing to be advised that she was contemplating putting hundreds of millions into battleships.

I have spoken to you thus frankly because of my deep appreciation of your friendship and of your solicitude for the success of the efforts we are making, and in the hope that the present matter, which represents perhaps the most critical position yet reached in the Conference, may be adjusted on a satisfactory basis. I repeat that the provisional agreement reached with Great Britain and Japan hinges upon an appropriate agreement with France, and I cannot too strongly urge the most careful consideration of all the matters to which I have taken the liberty to allude. Permit me to assure you of my highest respect and of the keen desire that we entertain in America that you should visit us again at an early date. Charles E. Hughes."

[Paraphrase.] You should see that this message is delivered to M. Briand if possible before he leaves Paris for London. Please note the argument and reenforce it if opportunity occurs. It might

be presented more strongly as France's position, if maintained, would be likely to destroy work of Conference, but we desire the matter handled in a way to make the point clear without giving slightest cause for offense. Italy desires equality with France, but Italy satisfied with limit of 175,000 tons capital ships as we suggested. [End paraphrase.]

HUGHES

800.30/8a : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, *December 16, 1921—4 p. m.*

685. I understand that Briand is to visit Lloyd George tomorrow. Please arrange to deliver to him the following personal message:

[Here follows the message to Briand as quoted in telegram number 552, December 16, to the Ambassador in France, printed *supra.*]

[Paraphrase.] This matter is of utmost importance, as position taken by France may destroy work of Conference. We are informed Great Britain will not consent to agreement on present basis if France persists in being free to construct 10 new ships. Great Britain, Japan, and Italy are agreed that 175,000 tons of capital ships is a fair allowance for France. Italy desires equality with France in this regard but is satisfied with the above agreement. [End paraphrase.]

HUGHES

500.A4b/547½

Memorandum by the Secretary of State of a Conversation with Ambassador Jusserand, of the French Delegation, December 16, 1921

The French Ambassador called to request that a meeting of the naval representatives on the Committee of Fifteen should be called for the next morning (Saturday) before the meeting of the Committee of Fifteen, in order that the French Admiral might have an opportunity of talking over various technical matters relating to the French proposal.

The Secretary agreed, and later a meeting of the naval representatives of the five Powers on the Committee of Fifteen was called for 10 o'clock the following morning.

In the course of the interview M. Jusserand expressed regret that the question relating to France had not been taken up while M. Briand was here. The Secretary explained that he could not take the matter up until he had proceeded with his negotiations

with Great Britain and Japan, but that M. Jusserand had asked the Secretary while M. Briand was here what the Secretary's idea was of an allowance to France, and the Secretary said that while he did not care to go into a general discussion of the matter at that time, still he thought 175,000 tons for capital ships would be about right. M. Jusserand said that he did not recall the interview. The Secretary reminded M. Jusserand that it took place on the staircase of the Pan American Building as they were going to a meeting and just after the French Admiral had given in his statement;[86] that the Secretary told M. Jusserand that the Admiral's statement was largely a recital of past history and that he thought the amount suggested was very excessive; that then the Ambassador had asked the Secretary what the Secretary thought would be right, and while the Secretary expressed his reluctance at that time to take the matter up, as he wished to first finish negotiations with Great Britain and Japan, the Ambassador pressed him for a statement and the Secretary had said that he had talked the matter over with Colonel Roosevelt and his opinion was that 175,000 tons would be ample.

The Secretary showed to M. Jusserand the cable that he was sending to M. Briand.[87] The Secretary said that he felt as Chairman of the Conference he was in a position to communicate directly with M. Briand, and the Ambassador said that he saw no reason why he should not, and that it was quite a proper course.

800.30/9 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

[Paraphrase]

PARIS, *December 17, 1921—10 p. m.*
[Received December 18—1:45 p. m.]

689. Department's 552, December 16. This evening I saw M. Briand and gave him your note. He had evidently received advices from Washington, as he said he had consulted with Minister of Marine and Chief of Naval Staff this morning and had given instructions that French requirements in capital ships should be pressed to utmost. He said that the Cabinet had approved these instructions at its meeting this morning. He will of course answer you himself, but said I could give you the assurance that he would reach an agreement with you on the matter of capital ships. Briand

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[86] The statement referred to may be the memorandum of Nov. 19, p. 62.
[87] Quoted in telegram no. 552, Dec. 16, 1921, to the Ambassador in France, p. 130.

added that he feared the British and did not want this agreement to be used against France later in matter of destroyers, light cruisers, and especially submarines. He stated that Parliament would never consent to great reductions in these defensive ships, as the protection of public sentiment also was vital to France. He seemed annoyed at reports of Balfour's proposal for suppression of submarines. He earnestly hoped you would not agree to such a proposal. From tone of conversation I feel convinced that ratio of capital ships will be arranged satisfactorily. I incline to the belief that if French delegation has recently shown obstinacy, it was due partly to Briand's desire to secure concessions later on small ships, and partly to his desire not to give additional weapons to his adversaries, who constantly accuse him of making too many concessions. Last night's vote of confidence in the Senate after a stiff fight has now freed his hands at least temporarily. There is no doubt that Briand appreciates importance to France and the world of success of the Conference.

HERRICK

500.A4b/547½

The President of the French Council of Ministers (Briand) to the Secretary of State [88]

[Translation [89]]

LONDON, *December 18, 1921.*

MY DEAR MR. HUGHES: At the moment of my departure for London, Mr. Herrick handed me your friendly telegram in regard to the difficulties which have arisen in the naval disarmament Committee in reference to the tonnage of capital ships which has been requested by the French Delegation.

You fear that the insistence upon the French request may result in preventing the agreement between the five Powers.

The wish of the French Government is to do everything compatible with the vital interests of France to reconcile our points of view.

As regards naval armament, it is not the offensive, but solely the defensive, point of view with which France is preoccupied.

With regard to the tonnage of capital ships—that is to say, ships of offense, which are the most costly—I have instructed our Delegates in the sense you desire. I am certain that I shall be sustained by my Parliament in this course.

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[88] Handed to the Secretary of State by the French Ambassador Dec. 19.

[89] The translation here printed is taken from *Conference on the Limitation of Armament*, p. 458.

But so far as defensive ships are concerned (light cruisers, torpedo boats and submarines), it would be impossible for the French Government, without running counter to the vote of the Chambers, to accept reductions corresponding to those which we accept for capital ships subject to this formal reservation which you will certainly understand.

The dominating idea of the Washington Conference is the restriction of offensive and costly naval armaments. But I do not believe it to be any part of its program to restrict a nation which, like France, has a large extent of coasts and numerous distant colonies, in the means essential to its communications and security.

I am certain, my dear Mr. Hughes, that you will appreciate the effort of conciliation which we are making to respond to your request.

I beg you to accept my cordial remembrances and my ardent wish for the complete and striking success of the Conference over which you preside with such authority and brilliance.

BRIAND

800.30/10 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

[Paraphrase]

LONDON, *December 18, 1921—11 p. m.*

[Received December 19—12:23 a. m.]

984. I have just seen Briand and read him your letter. He accepts your proposal in regard to capital ships and has instructed French delegation to inform you to this effect. He has also cabled a letter to Ambassador Jusserand addressed to you in which he states that he must adhere to his declaration in regard to light cruisers and submarines for wholly defensive purposes. It is my opinion that this voluntary restriction, given in his exact words, may serve you a useful purpose in dealing with the British. Briand wished me to state that any message which you might care to send would reach him through me until Wednesday noon, when he plans to return to Paris. I think he would be pleased by an appreciative word. He is accompanied by Loucheur and Berthelot. They volunteered to inform me daily in regard to conversations between Lloyd George and Briand.

HARVEY

500.A4b/547½

Memorandum of a Conversation at the Department of State, December 19, 1921 [90]

PRESENT:

On the one part, Mr. Hughes, Secretary of State, assisted by his Secretary.
On the other part, M. Sarraut, French Delegate to the Conference, M. Jusserand, Ambassador, and Admiral de Bon.
Interpreter,—M. Camerlynck.
The interview took place in Mr. Hughes' office and began at 4:30 P. M.

From the very start a difference of opinion became apparent over the construction to be put on M. Briand's acceptance of the figure of 175,000 tons for capital ships, it being Mr. Hughes' understanding that the acceptance was unconditional and made it possible to take up the examination of the other naval questions. The French Delegation on the contrary held that M. Briand only consented to the figure of 175,000 tons on the express condition that France would keep the tonnage she considered indispensable as to her light cruisers, torpedo boats, and submarines.

Mr. HUGHES read the personal letter he had sent to M. Briand and M. Briand's answer; he also communicated a telegram sent by the State Department to Myron Herrick and Colonel Harvey and the answer from the last named which in Mr. Hughes' opinion fully confirms the meaning of M. Briand's letter.

M. SARRAUT will confine himself to a few very simple remarks. He is not here for the purpose of bickering or haggling over the interpretation of texts, the truth is that the French Delegation understand the instruction it has received to mean that they are ordered to meet as far as possible the wishes expressed by the other powers, but without being bound to any absolute figure; that figure is to be examined and fixed in common accord. In support of their interpretation, there was read a paper from the Ministry of Marine received by the Havas News Agency suggesting that all reports concerning tonnage figures, being premature must be regarded as inaccurate. Mr. HUGHES reads a telegram published by another news agency which makes a contrary statement. M. SARRAUT declared that the two questions cannot in his judgment be separated, that is to say, it is impossible to accept a figure of tonnage for capital ships without deciding in the sense outlined in instructions the question of the light cruisers, torpedo boats, and submarines.

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[90] This memorandum was probably prepared by M. Camerlynck. The file copy bears the notations "Copy as corrected by Mr. Hughes" and "Copy given Mr. Camerlynck by Mr. Clark".

Admiral DE BON would have something to say about the first question itself and if he were given the floor could perhaps offer a practical solution of the question; but it would be advisable first to know whether Mr. Hughes agrees that the tonnage questions ought to be considered altogether.

Mr. HUGHES answered that he has no other guide than M. Briand's letter confirmed by the telegram from Ambassador Harvey. He understands that in the question of naval armament, France may be concerned for the defensive and not the offensive. That is why M. Briand says that with regard to the capital ships which are a means of attack, he gives his Delegation instructions as desired by Mr. Hughes; but as regards light ships for defense he declares that he could not possibly accept any corresponding diminution. And so he accepts the tonnage as to capital ships, but makes precise reservations that acceptance cannot in any way be considered as restricting the freedom of the French Delegates with regard to the tonnage of light cruisers, torpedo boats, and submarines.

M. SARRAUT without any wish to carry on the argument over the interpretation put on M. Briand's letter inquires what would in any event be the attitude of the United States on the second parts of the discussion in view of the very positive declaration of M. Briand who would not agree to go below a certain figure.

Mr. HUGHES answers that this is a matter for discussion in the Commission because views may widely differ on the question of submarines for instance. It might be that the United States would be led to taking a midway course between the two extremes as it is known that one power (Great Britain) wants to do away completely with submarines, while the others wish to keep a rather large number. So the United States would unquestionably not be in favor of wholly doing away with them and on the other part would firmly oppose submarines being used without restraint as an implement of war and the abuses indulged in by Germany in attacks on merchant vessels. Even on the question of using a submarine purely for defense differences of opinion have been expressed some allowing a limited number others absolutely objecting to their being used. In the last analysis it comes to deciding what can be justly and equitably done in self defense while establishing a restriction to forestall abuses and illegal acts. So the question becomes a technical one to be determined by experts and referred to the committee, so that all the powers which are represented may express their views with a full knowledge of the matter.

Ambassador JUSSERAND here offers the point that the two questions are bound into one and M. SARRAUT again reads the passage in M. Briand's letter and adds another and concluding passage in which figures are given, below which France would find it absolutely im-

possible to go, namely 330,000 as to light vessels and torpedo boats, and 90,000 as to submarines. And even on that score important sacrifices have been made even now to promote the success of the Conference. Neither public opinion nor parliament in France would permit going any farther on the question of national defense and safety. It stands to reason that France cannot yield with regard to capital ships without knowing how far she is going with regard to light vessels and submarines and after yielding on the first point, the solution of the second point cannot be left to the hazards of a discussion that may take a turn unfavourable to worse. So it is essential for us to arrive at an agreement so as to avoid any semblance of conflict and above all press controversies (for which we are not responsible and which can only embitter the questions.) And so we must by talking to one another in the most open and friendly way secure an explanation and get guarantees.

Mr. HUGHES inquires the meaning of that. As President of the Commission his goodwill is equally assured to all, but he does not know what Japan and Italy think. The only sentiment known is that of Great Britain. As for the United States the Naval Experts are of opinion that 90,000 for submarines is much too high for any one of the powers. It seems unnecessary furthermore to carry on the discussion here, and if France makes the two questions one and is unable to go below a certain figure under positive instructions, that fact should be laid before the Committee.

M. JUSSERAND remarks that this comes to taking the advice of Japan and Italy on questions concerning which their opinion is not so very important while we were not consulted when it was a question of allowing Japan to keep the *Mutsu*.

M. SARRAUT says that he will try and explain what the position of France is, not by using the language of diplomacy but through the bluntly outspoken utterance of "the man in the street" as it will be given in his own country. "We came here clearly intending to bring about the success of the Conference, first with the desire to give to the United States a testimonial of our sympathy, confidence, and gratitude, and next with the hope of helping it and arriving at practical and moral results. And so we were ready to make every sacrifice to the idea that guided the United States, but on naval questions the voice of France who had a great role in the past and will not disappear as a naval and colonial power, must be heard. But if we are asked to agree to being blotted out of the surface of the seas, to allow ourselves to be cut into shreds and be done away with piecemeal which would place us in such a situation that we cannot undergo such a responsibility to our country [*sic*]. The United States which is big enough to have and hold a fixed opinion, did bring its powerful influence into play and found decisive arguments with which to bring

Great Britain and Japan around to its own views. He said that Mr. Hughes had been very successful with the other Powers in bringing them to his point of view and could he not give them the benefit of the same influence, which would save France from being dismantled and disarmed."

"If we should go back to France after agreeing to that we should be greeted with hoots."

Mr. HUGHES said that he did not understand the statement with respect to France being cut into shreds or torn into pieces. So far as the use of his influence was concerned, it should be noted that if he had had any success with others, it was in instances where he was presenting the point of view of the United States and he would have greater difficulty in attempting to induce the acceptance of views held by other Powers which the United States did not believe to be well founded.

There are five powers to bring to an agreement and one must always revert to the same question. You ask us to reconsider our first estimate about submarines and to take your viewpoint into account. But the figure of 90,000 is already very high and if the percentage were applied to Japan for instance it would leave it but 54,000 tons.

Mr. Hughes here took up a discussion of the figures representing the present force of the French navy on that basis and taking the age factor into account France was supposed to have 163,000 tons. But now she asks not only to be excepted from the diminution but also to be allowed a large increase. In one instance she goes so far as to double, and in another triple the figures. This is the first time those figures are laid before me. I wish to examine them and to say nothing either for me or for others and it is proper to put the question to the commission. It is not the matter of one nation forcing a figure upon the others, but for everyone to decide what it can do considering the sacrifices agreed to, in the same direction by the other parties concerned.

M. JUSSERAND intimates that France simply wants the minimum indispensable for the defense of her colonies but in no wise intends to limit the armaments of others. Furthermore, there still remains to find out what the other nations that are not represented at the Conference may do. Admiral DE BON explains to Mr. Hughes the peculiar situation of France who has not carried out her naval program. He names figures and delivers a document which Mr. HUGHES promises to examine with the utmost attention. He adds, that he sees no reason why France should wish to keep so high a tonnage while no danger threatens her either from Germany or from Russia. M. SARRAUT answers that France harbors no more aggressive intentions than other powers he feels sure have against her.

It is decided that the committee shall be called to meet on the following morning at 11 o'clock and that the French Delegation will give an account of the instructions it has received whereupon the other powers will be asked for their opinions. In the meanwhile no account of this interview or any document shall be given to the Press.

The conversation ended at 6:15 P. M.

800.30/11a : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, *December 20, 1921—7 p. m.*

690. Please give following message to M. Briand:

"My dear M. Briand:

M. Jusserand has handed me your message and I am highly gratified at your prompt response which again evinces your deep interest in our efforts to reduce the burden of naval armament. I trust that we may make still further progress until a satisfactory settlement is assured upon all points.

Allow me again to express my most cordial appreciation of your cooperation and the assurance of my highest esteem. Charles E. Hughes."

[Paraphrase.] French Delegation appear to have instructions to demand 330,000 tons auxiliary craft, consisting of torpedo boats, light cruisers, etc., and 90,000 tons submarines. This demand has not yet been presented to Conference, and I understand that the figures are being sifted. I trust that the figures will be largely reduced, as such a demand would be considered here as very extravagant. The meeting of the Committee on Naval Disarmament has been adjourned until December 22 in order that the French Delegation may be instructed further. It would seem that their instructions from Paris and London are not entirely consistent. [End paraphrase.]

HUGHES

800.30/11 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, *December 21, 1921—7 p. m.*

[Received 9:50 p. m.]

990. I have just left Briand. I presented your letter which greatly pleased him. I raised the question of submarines and light craft. He said that his Parliament had adopted a program a month ago making provision for both capital ships, submarines and light craft but had held up appropriations for capital ships in view of the Conference. The credits for submarines and light craft however were

voted at that time. To my inquiry as to approximately the number and size of such vessels he replied that he could not give definite answer but at the time the program was deemed the minimum of their necessities. To my further inquiry as to whether this minimum would now be considered as fixed and final he said not necessarily. That it was still a subject for proper and reasonable consideration. He added that as a result of the credits for smaller ships having been voted the margin for bargaining as regards their tonnage would be far less than in the case of the capital ship[s], credits for which had not been voted. That is to say that inasmuch as the credits [for] the submarines and light craft had been voted by Parliament reduction by the delegation to the Conference would be more difficult. I remarked to him that I had heard from an English source that the French delegation proposed to demand a tonnage of 90,000 for submarines and over 300,000 for other craft. He rejoined that it was characteristic of old sailors to talk large and that Admiral de Bon was an old sailor. I suggested to him the thought that in consideration of your appreciation of his prompt acquiescence with respect to capital ships you would be in a better position to act so far as possible conformably to his wishes if you personally could have from him confidentially an approximation of his minimum. He said he understood perfectly and would be happy to comply. He would communicate immediately with the Minister of Marine in Paris and would furnish to me tomorrow formally a reply which I might send to you for your confidential information. He leaves for Paris at 2 o'clock tomorrow.

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HARVEY

800.30/12 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, *December 22, 1921—11 a. m.*

[Received December 22—8 : 44 a. m.]

991. Briand deeply regrets cannot speak more definitely today. He has been trying all morning to telephone Minister of Marine but cannot make each other understand owing to bad condition of wires. Upon reflection he considers little lost through this circumstance. Having assumed personal responsibility regarding capital ships, he would hardly dare make further concessions without consultation with Cabinet. Privately he frankly tells me he wishes to be assured support of President Millerand which, in large matters, he correctly added, I personally know to be essential. If he should go too far or make false step, he could not hold Parliament and would be obliged to resign.

He will see Millerand tonight and has called Cabinet meeting tomorrow morning. He will communicate with you confidentially immediately thereafter.

In all this I consider him wholly sincere.

HARVEY

800.30/14 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, *December 23, 1921—6 p. m.*

[Received December 23—4 : 45 p. m.]

999. French Ambassador orally conveys to me message for you from Briand following meeting of his Cabinet. It contains nothing new, helpful or suggestive. Mere reiteration of French Government insistence upon 330,000 tonnage light craft and 90,000 tonnage submarines as proper and necessary for national defense. Nevertheless they were willing to discuss possible modification. To my inquiry whether Briand had indicated degree of possible modification for confidential communication to you he shook his head vaguely. In point of fact he seemed quite destitute of any information approximating definiteness or accuracy.

HARVEY

500.A4b/84

Mr. Balfour, of the British Delegation, to the Secretary of State

WASHINGTON, *December 27*[, *1921*—] *7:30 p. m.*

MY DEAR MR. HUGHES: You asked me this afternoon what view the British Empire Delegation would take of a possible French proposal for a flat rate of 60,000 tons of submarines for the U. S. A. G. B. Japan & France & presumably Italy.

I told you in reply that broadly speaking the British attitude was this—that (1) we desired the total abolition of submarines, (2) that if this could not be obtained we were in favour of any diminution in their number, but that (3) no mere diminution in their numbers during peace would relieve us from the necessity of devising and preparing all practicable methods of dealing with them in war, so that no limitation of anti-submarine vessels would seem consistent with our national safety.

As regards the flat rate of 60,000 tons I cannot imagine what justification the French have for demanding it. If submarines are to be employed for purely legitimate naval purposes their main use would be as "fleet" submarines, as mine layers, and so forth. The powers which have most claim to build them are therefore the powers

which have the largest fleets and the longest coast line. In neither respect are the French in a position comparable with that of either the U. S. A. or G. B.

Let me add this further observation—If the French are to be allowed to build 30,000 tons of new submarines the Americans and British should not be compelled by any "replacement rule" to be content with 60,000 tons of old submarines. The submarine is supposed to be a rapidly developing instrument, and new types are dreamed of by every submarine officer and naval contractor! In these circumstances the freedom of invention given to one naval power can hardly be denied to another.

I am afraid there are still other problems which must be raised in connection with any attempt to limit submarine tonnage—but I will not trouble you with them now.

Yours sincerely,

ARTHUR JAMES BALFOUR

Disarmament Conference File No. 250/9 Secret

Memorandum by the Secretary to the British Empire Delegation of a Meeting of Heads of Delegations Held at the Pan American Union, January 10, 1922, 3 p. m.[91]

PRESENT:—

UNITED STATES OF AMERICA	THE BRITISH EMPIRE	FRANCE
Mr. Hughes	Mr. Balfour	M. Sarraut
Mr. J. R. Clark	Sir Maurice Hankey	M. Camerlynck (Interpreter)

JAPAN	ITALY
Baron Kato	Senator Schanzer
M. Ichihashi (Interpreter)	

The Committee had before them a draft of the Naval Treaty (Appendix I), together with a preamble proposed by Mr. Hughes (Appendix II).

PREAMBLE.

Mr. HUGHES said that the American Delegation would wish to leave out the following words at the beginning, after the word "desiring":—"to strengthen the friendly relations which unite them".

Mr. Balfour said the words might go in or be left out. The British Delegation would not make a point either way.

This was adopted, and the preamble was accepted in the following form:—

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[91] No agreed official minutes of this meeting were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

The file copy of this memorandum (not including the appendixes) bears corrections by Mr. Clark. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*.

"The United States of America, the British Empire, France, Italy and Japan, desiring to contribute to the maintenance of the general peace, and to reduce the burdens of competition in armament, have resolved, with a view to accomplishing these purposes, to conclude a Treaty to limit their respective naval armament, and to that end have appointed their plenipotentiaries:

. . . . . .

Who, having communicated to each other their respective Full Powers, found to be in good order and due form, have agreed as follows".

ARRANGEMENT OF THE TREATY.

The following plan, proposed by Mr. Hughes, was adopted for the re-arrangement of the Treaty:—

Preamble.
Chapter I—General provisions relating to the limitation of naval armament (Articles I to XXI inclusive of the first draft of the Treaty in Appendix I).

The original caption of Chapter II read "Definition of terms, Rules relating to the execution of the Treaty".

Senator Schanzer enquired as to the meaning of the entire arrangement particularly as to the meaning of the caption of Chapter II.

Mr. Hughes explained the general plan and proposed transposing "definition of terms" to the end of the caption.

This was agreed to.

Mr. Hughes then proposed to change "Section 1" etc. to "Part I", etc.

This was agreed to.

Chapter II—Rules relating to the execution of the Treaty—definition of terms.
Part I—Vessels which may be retained by the Contracting Powers.
Part II—Rules for scrapping vessels of war.
Part III—Replacement—Rules and Tables.
Part IV—Definitions.
Part V—Standard displacement.
Chapter III—Miscellaneous provisions (Articles XXII to the end of the first draft in Appendix I).

ARTICLE I.

Mr. HUGHES then read Article I, which was adopted.

ARTICLE II.

Senator SCHANZER pointed out that the first Articles were intended to be of a general character, whereas the annexes bore a particular character. He thought that the last two paragraphs of Article II should be transferred to Annex A, since they dealt with particular questions, such as the names of the ships to be retained and disposed of. These appeared rather a matter for an Annex.

Mr. Hughes pointed out that the aim was to reach agreement. The American Delegation were anxious to put the matter which was now included in the Annexes into the body of the Report, in order that they might appear in the Treaty in front of the signatures; otherwise it would be necessary to sign the Annexes. The matters dealt with in Article II stood together, and it was unavoidable to mention particular ships. He thought, therefore, it would be better to retain them as they were.

Senator Schanzer pointed out that these paragraphs had arisen out of the difficulty in regard to the Mutsu, and he thought it was rather too particular in detail for so early a paragraph.

Mr. Hughes said that Article II pointed out that all capital ships built or building of the United States, the British Empire and Japan would either be retained or disposed of as provided in Annex B, that is to say, most of them would be scrapped. It was impossible to state this without mentioning the ships referred to in the last two paragraphs. Mr. Hughes then said that there were several points which he would have to reserve, as the discussion proceeded, in order that he might consider them with his own Delegation. The reason for this was that one of his legal advisers had made some suggestions to him at the last moment which he had not had an opportunity yet to discuss with his colleagues. For example, on Article II the point had been made that on the completion of each of the new ships the appropriate ship to be scrapped should immediately be scrapped instead of waiting until both ships had been completed.

Mr. Balfour asked if, in the event of this or any other matter being taken up by the Delegation, Mr. Hughes could notify the British Empire Delegation in advance of any proposed alterations.

Mr. Hughes agreed to do this, but expressed doubts as to whether the point would arise.

ARTICLES III AND IV.

Articles III and IV were passed without discussion.

ARTICLE V.

Senator Schanzer said he did not want to propose an addition to the Article, but he wanted to be clear that the term "jurisdiction" extended not only to the national territory but to the colonies and protectorates of the countries concerned.

Mr. Hughes did not suppose that any of the Powers would endeavour to evade the provisions of the Treaty by the excuse that it had no control over a colony, *and said he assumed of course that each power would carry out the treaties in whatever territory they controlled.*

Mr. Balfour said that there were, of course, parts of the British Empire over which the British Government had no control, but

these Dominions and India would append their signatures to the Treaty. The British Government itself had control in the Crown Colonies, Protectorates, etc., over such matters.

Mr. HUGHES pointed out that the Treaty would be signed for the British Empire, which appeared to meet the case.

M. SARRAUT said that it would be impossible for any French colony to build outside the control of the French Government.

Mr. HUGHES said that if there were any danger it might be necessary to provide by definition that the jurisdiction extended over colonies, but in fact there was no danger.

Senator SCHANZER thought it would be sufficient if it were mentioned in the procès-verbal of the full Naval Committee.

ARTICLES V, VI, VII, VIII AND IX.

Articles V, VI, VII, VIII and IX were adopted without discussion.

ARTICLE X.

Mr. BALFOUR said that his advisers considered this Article to be ambiguous. It appeared to provide that an aircraft carrier might have ten 8-inch guns and in addition any number of 6-inch guns. This, he believed, was not the original intention. The understanding of his experts had been that an aircraft carrier might have up to ten 8-inch guns, but in that case it could carry no guns of 6-inch.

Mr. HUGHES asked if Mr. Balfour's understanding was that they could not have both 6-inch and 8-inch guns?

Mr. BALFOUR said they could only have both provided that the total did not exceed ten.

Baron KATO pointed out that Article X should be read in conjunction with Annex B, para. 3 (a).

Mr. HUGHES agreed.

Senator SCHANZER said he would like to put the view of the Italian naval experts. Italy was only to have two aircraft carriers; hence she must have a very strong armament for them. As Italy was only to have very few of these ships ~~that~~ *they* must be defended very powerfully. Consequently, his experts considered that they should be allowed to have up to ten 8-inch guns, with 6-inch guns in addition.

Mr. HUGHES summed up by stating that the Italian view was that aircraft carriers might have any number of 6-inch guns, as well as up to ten 8-inch guns. The British view, on the other hand, was that if they carried ten 8-inch guns they must not have any 6-inch guns. These, he pointed out, were opposing proposals.

Mr. BALFOUR said that the British view was that they did not desire, and he thought no-one desired, that aircraft carriers should become a kind of super-cruiser. He was informed that if they

were provided with a large number of guns they would become bad aircraft carriers even though they might be good cruisers. Hence there might be a tendency for a Power to use them in war rather as a cruiser than as an aircraft carrier, not mala fide, but merely because their construction had resulted in their being useful cruisers and bad aircraft carriers.

(At this point Mr. Balfour handed round the following re-draft of Article X:—

"No aircraft carrier of any of the Contracting Powers shall carry a gun with a calibre in excess of 8 inches (203 millimetres). Without prejudice to the provisions of Annex B, para. 3 (a), if the armament carried includes guns exceeding 6 inches (152 millimetres) in calibre, the total number of guns carried shall not exceed 10. If alternatively, the armament contains no guns exceeding 6 inches (152 millimetres) in calibre, the number of guns is not limited. In either case the number of anti-aircraft guns is not limited ".)

M. Sarraut associated himself with Senator Schanzer. He said that Article X had been fully discussed by the Sub-Committee and adopted unanimously.

Mr. Balfour interjected that he was informed the British Empire Delegation representative had adhered to the same view throughout.

M. Sarraut said that Admiral De Bon informed him that this had been unanimously adopted for technical reasons. It was quite true that these aircraft carriers might possibly be utilised as super-cruisers. It was necessary, however, to take into account the difficulties of the French and Italian navies, which would only possess two of these very costly ships. If one was out of repair they would only have one available. Having so restricted a tonnage they would not possess any large number of cruisers. Hence these aircraft carriers would have to depend largely on their own efforts for defence.

Mr. Hughes said he had not had an opportunity to discuss this with his experts, *he did not know that any question existed*, and reserved it for further consideration.

ARTICLES XI AND XII.

Articles XI and XII were adopted without discussion.

ARTICLES XIII AND XIV.

Articles XIII and XIV were reserved at Mr. Hughes' request, as his experts had shortly before the meeting given him some new points in regard to them for consideration.

Senator Schanzer pointed out that in Articles XIII and XIV the calibre in millimetres should be inserted as it had been in Article XII.

Baron Kato pointed out that there would probably be a good many small errors in drafting which ought to be referred to the Drafting Committee for the final text.

Mr. HUGUES said that so much of the material in this text affected the meaning of the Treaty that it was essential to ~~raise it~~ *reach an agreement in* ~~the~~ *this* ~~full~~ Committee *on the text itself, as nearly as was possible*; otherwise great delay might be involved. When the Committee of Heads of Delegations had completed their examination of all the Articles, a fresh draft would have to be prepared. He thought it would be a mistake, however, to refer to the Drafting Committee when the drafting was so much of the essence of the Treaty itself.

Mr. BALFOUR said his own legal advisers were most anxious that the lawyers should look the final draft through from the purely legal point of view, as it was almost certain that small questions would arise.

Mr. HUGHES pointed out that during the last week they had been through the draft again and again.

Mr. BALFOUR urged that there would be questions of editing to consider; for example, consequential alterations due to the re-arrangement that had just been agreed on. He thought it was very important that the Treaty should be very carefully examined from a technical point of view, to avoid errors.

Mr. HUGHES pointed out that the Treaty would not be finally passed until it had been approved by the full ~~Naval Commission~~ *Committee*, and before that there should be time to make these editing alterations.

ARTICLE XV.

Article XV was adopted without discussion.

ARTICLE XVI.

Senator SCHANZER proposed to insert in line 3, after the word "shall", the following words:—"in a reasonable time".

Mr. HUGHES suggested to substitute the word " promptly ".

This suggestion was adopted, so that the first lines of Article XVI are as follows:—

"If the construction of any vessel of war for a non-Contracting Power is undertaken within the jurisdiction of any of the Contracting Powers, such Power shall promptly inform the other Contracting Powers", etc.

ARTICLE XVII.

Mr. HUGHES pointed out that although this Article provided that a vessel of war under construction for another Power must not be used by a nation which became involved in war, it did not provide for the case of a ship which had just been constructed but had not yet been delivered. He proposed that an addition should be made to meet this case.

Article XVII was adopted with the addition of the following words at the end:—

" or which may have been constructed within its jurisdiction for another Power and not delivered ".

ARTICLE XVIII.

Article XVIII was adopted without discussion.

ARTICLE XIX.

Mr. HUGHES said that no draft Article was before the Committee, *and the United States had no text to propose.*

Baron KATO said that when the question of the status quo as regards fortifications and naval bases in the Pacific had been discussed, he thought that he had made himself quite clear. Later, the question had been raised in the expert Sub-Committee and some doubt seemed to have arisen. He had originally made it clear that Japan would observe the status quo in the islands of Oshima, Bonin, the Pescadores and Formosa. He still stuck to this. He urged, however, that the statement in the communiqué of December 15th[92] should be inserted in Article XIX and that any necessary explanatory statement should take the form of a separate declaration.

Mr. HUGHES asked what Baron Kato meant by a Declaration?

Baron KATO said that he intended that any mention of the islands which had not been referred to by name in the announcement of December 15th, should be made in a separate Declaration, which would have the same authority as the Treaty. For reasons of domestic politics, he wished to avoid their inclusion in the Treaty itself.

Mr. HUGHES said he understood Baron Kato wished not to particularise the islands in the Treaty.

Baron KATO said that that was his point—that he did not wish to specify the islands in the Treaty, but to make it clear that they were included in the status quo arrangement by means of a Declaration.

Mr. BALFOUR asked what Baron Kato proposed to insert in the Treaty.

Baron KATO said he would like to include an extract from the communiqué of December 15th in the Treaty, but to omit any specific mention of the particular islands, which he would leave to a separate Declaration.

Mr. HUGHES asked if M. Sarraut and Senator Schanzer would pardon him if he discussed this matter with Mr. Balfour and Baron Kato, who were specially interested.

M. SARRAUT agreed.

Mr. HUGHES said that he understood Baron Kato's proposal was that any allusion to the islands should not appear in the Treaty, but should be made in the form of a separate statement. In the announcement of December 15th, reference had been made to the

[92] *Ante*, p. 127.

islands of Japan proper. He supposed that Baron Kato intended that there should be some exchange of Notes to make it clear that Formosa, the Pescadores, the Bonin Islands and Oshima should come within the provisions of the Treaty, that is to say, there should be an exchange of Notes making a specification to clarify the Treaty. He was not opposed to this. He thought that all would wish to make some specifications. It might be useful by a Declaration or by means of an exchange of Notes, to make the position perfectly clear, *or it might be done by means of a marked map or chart.*

Baron KATO said that, according to the *Japanese* definition of the islands composing Japan proper, Bonin Islands and Oshima were included. To avoid ~~that~~ *the* difficulty *that resulted from this fact* he proposed an exchange of notes. Otherwise, that is to say, if the islands were named in the Treaty, there would appear to be a conflict between the Treaty and the Points of Agreement announced on December 15th. To clear this point up, the Japanese Delegation were willing to meet any demand for an exchange of Notes or a Declaration.

Mr. BALFOUR asked why Baron Kato wished to re-publish the statement of December 15th, since this document gave a very imperfect representation of the Japanese views. This statement made it clear that it did not apply to the islands of Japan proper. Apparently, however, in the view of the Japanese at home, the islands of Japan proper included some of the islands to which the status quo was to apply. Was it not, in these circumstances, absurd to republish the statement?

Baron KATO said that the only reason he had for insisting on the repetition of the original statement, was that it had been made public already in Japan. As long as it was made clear in the exchange of Notes that the particular islands he had mentioned were not included, no difficulty would arise. Otherwise, there would appear to be a conflict between the Treaty and the statement of December 15th. That was the reason he insisted that the Treaty should reproduce the statement of December 15th.

Mr. BALFOUR recalled the circumstances in which the statement had been drawn up. It had been dictated by Mr. Hughes to a stenographer in the presence of Baron Kato and of Mr. Balfour himself, after a long and successful negotiation conducted by the Secretary of State in regard to the building of capital ships. While the spirit of the agreement reached was properly reflected in the document, the statement of December 15th had no legal authority or status and did not pretend to be explicit in its terms. *It was not an infallible document.* It had two defects. First, it ~~assumed that the islands of Japan meant what they were understood to mean~~ *was proposed to republish—incorporate into the treaty—statements which meant one*

thing in London, Paris, Rome and Washington, and not what they apparently meant in Japan. It would be unfortunate to re-publish a document containing these misunderstandings. The second objection was that the whole discussion had turned on the islands of the Pacific, *the main land was never included*, but in the announcement of December 15th the mainland was not even mentioned as being excluded. There had been no mention that the agreement was confined to the islands. As it stood, Port Arthur and other Japanese interests on mainland territory would be included. This had clearly not been the intention of those who had taken part in the discussion, which had been concerned only with the islands. The discussion had taken place in connection with a Naval Agreement, and the sole object had been to make each of the two Great Naval Powers, *the United States and Japan*, feel that the other Power was not creating bases within striking distance of its interests. The Japanese had felt that if the United States of America turned any of the Philippine Islands or Guam into a naval base, they could not accept the 5:3 ratio. This had been the sole object of the Agreement and we ought not now to extend beyond this original object. To include in the Treaty a statement which was clearly erroneous in two important points, would be an action of very doubtful wisdom.

Baron KATO replied that he had made his statement on the assumption that the statement of December 15th was correct. If another proposal was made he would consider the suggestion.

Mr. HUGHES said that his thought was that it was necessary that any statement in the Treaty should be very definite and certain. It would be very prejudicial to the Treaty, particularly in the United States Senate, if there was any ambiguity anywhere. An agreement had been reached the other day *(the "Four Power" Treaty)*[93] which had seemed to him sufficiently clear, but nevertheless, a number of points had been raised suggesting ambiguity. He agreed with Mr. Balfour in all that he had said as to the spirit and intention of the agreement in regard to the status quo for fortifications and naval bases in the Pacific. The United States of America had certain interests and possessions in the Western Pacific which were in no sense regarded as a menace to Japan. The idea had arisen, however, that if naval bases were created in these possessions, they might be regarded in Japan as a menace, and consequently might prejudice the acceptance by Japan and the maintenance later on of the ratio in regard to capital ships. This particularly applied to Guam and Manila. There were, however, a number of ports, including Hawaii, the ports of Japan proper, Australia and New Zealand, where there was no need to interfere with the right of fortification. All this had been expressed in

[93] *Ante*, p. 33.

a very general way, but he thought fairly accurately, in the announcement of the Points of Agreement made on December 15th. Now, however, the time was coming to embody the same arrangements in a Treaty. He, himself, was not a stickler for ~~meticulous exactness~~ *form.* It now transpired that in Japan the idea was entertained that Japan maintained that the statement in the Treaty must not definitely mention islands which were just as much a menace to the possessions of the United States in the Western Pacific, as Guam and the Philippines if converted into naval bases would be to Japan. In any case, whatever they agreed upon must be made public in some sort of Declaration. If then, this was accepted, it was really only a matter of form as to whether the arrangement should be stated in one document or in two, or in one document with a map appended.

Mr. BALFOUR said that his legal advisers considered that the only way effectively to dispose of controversy was to embody the arrangement in a map.

Baron KATO said that he agreed in every word that Mr. Hughes had said on the subject of publication. What he had been trying to do was to save a political situation of some difficulty for the Japanese Government. Some of the Government's critics made a great point of these islands and he was trying to forestall them.

Mr. HUGHES said he first wanted to make sure he understood Baron Kato's difficulties. The statement of December 15th referred to the "islands of Japan proper." He understood that in Japan that ~~state-~~ ~~ment~~ *designation* was taken to include the Bonin Islands, and Oshima, but not the Pescadores and Formosa. Hence, the position was that there were certain islands which came within the scope of the status quo agreement which were regarded in Japan as part of Japan proper. Baron Kato, however, fully recognised that the islands must be included in the agreement, but did not want them to appear in the Treaty, as this would give the appearance of contradicting the previous public announcement of December 15th. He asked why, therefore, the arrangement should not be defined by latitude and longitude, so as to show the islands which were referred to, without mentioning Japan proper. There were, no doubt, innumerable small islands around all the principal territory, *which would make naming of islands difficult if not impossible.*

For example, there were innumerable islands along the coast of ~~the United States of America~~ *one island of Japan—more than a hundred and fifty.* It would be impossible to name all these islands. Consequently, it seemed to be a good deal easier to apply the method of statement of latitude and longitude and this might then be made out on a map or chart.

Baron KATO suggested that the lines of latitude and longitude might be included in a note.

Mr. Hughes asked whether it would be possible to include it in a Declaration annexed as an Appendix to the Treaty?

Baron Kato said he wished, if possible, to avoid the mention of these islands, whether as part of the Treaty or in an Annex thereto.

Mr. Hughes remarked that, as Baron Kato has said, everything that was done must be made public. If a chart could be agreed on, then some appropriate Article might be included in the Treaty, *which should incorporate the chart.*

Mr. Balfour suggested that it might describe latitude and longitude.

Baron Kato said that if he could be allowed a short time, he would send a telegram to his Government and he thought it possible that they might accede to the proposal, namely that an Article as suggested by Mr. Hughes might be embodied in the Treaty. His present instructions, however, did not enable him to agree without referring home.

Mr. Hughes said that it was important that Baron Kato and the Japanese Government should realise his position. There was no question whatsoever as to what Baron Kato had intended and he himself had no doubt that this Treaty would be ratified if Baron Kato would allow a statement to appear in the Treaty of what had been agreed. If, however, something were stated *in the Treaty* which appeared to be different from what was ~~in the Treaty~~ *actually done*, it would give an opportunity for an acrimonious debate. He did not want any opportunity for ~~such~~ a *well-founded* discussion *of this sort* and this was as important to Japan as it was to the United States. The meaning of what was included in the Treaty must stand out perfectly clear by itself on the face of the document and must be free from all ambiguity.

Baron Kato said he understood the position perfectly and he himself was in agreement with the proposal, but if any suggestion were made for altering the form from what had been stated in the announcement of December 15th, he would have to take it up with his Government. He would make his telegram as brief as possible in order to obtain a reply. He had demanded full powers from his Government, but on this point they had made an exception.

Mr. Hughes said there were two alternatives. First an Article couched in general language, based on the statement of December 15th, and second, a definitive statement. In order to accede to the latter, Baron Kato must obtain instructions from his Government. He himself thought this was the preferable course. He suggested therefore, that he and Mr. Balfour should each indicate what they proposed, then the arrangement could be got into shape and Baron Kato could communicate it to the Japanese Government.

Baron KATO said he would be glad to have such a definitive statement.

Mr. BALFOUR said that his statement would include the following propositions. First the status quo arrangement must apply only to insular possessions in the Pacific: second, it must not include the islands either off the coast of Canada, and he presumed that Mr. Hughes would wish this to apply also to the islands off the coast of the United States of America, or to the islands in the neighbourhood of Australia and New Zealand. Third, his view would be adequately expressed by the following formula:—

"The United States, the British Empire and Japan agree that the following provisions shall apply to their respective possessions lying between the Equator and the parallel of 30° N. and between the Meridians of 110° E. and 180° E."

He then handed Baron Kato a copy of a map of the Pacific on which these lines were drawn.

Mr. HUGHES said he would accept Mr. Balfour's proposal.

Baron KATO said *that as this involved some changes* he would ask his Government to agree to this, but he was not in a position to say what the attitude of the Government would be.

Mr. BALFOUR asked what changes were involved in acceptance of this map, from the statement of December 15th? The British Empire Delegation had not appreciated that there was any change.

Baron KATO said that the statement of December 15th had included the whole region of the Pacific. This was now limited to the area shown on the map.

Mr. BALFOUR asked if there were any bases shown on the map within striking distance of Japan.

Baron KATO said that from a strategic point of view he had no objection to any base outside this region, but since the original announcement had applied to the whole region, there might be difficulties in getting it accepted by his Government. However, he would do his best. He was willing to accept the 30° of latitude as the northern limit.

Mr. HUGHES said it did not really change anything. As regards the United States of America, he himself had previously excepted the Hawaiian Islands.

Baron KATO repeated that as a practical proposition he had no objection whatsoever to the agreement.

M. SARRAUT said that although France was disinterested in this question, he would like to see the area on the map.

Sir Maurice HANKEY obtained a map showing the area and communicated it to M. Sarraut.

Mr. HUGHES pointed out that Australia and New Zealand had also been excluded from the status quo arrangement. The spirit of

the agreement was therefore maintained by Mr. Balfour's proposal. The effect of applying the status quo arrangement to the area proposed by Mr. Balfour would be to prevent the United States of America and Japan from making bases within reach of one another.

Baron KATO said that from a practical point of view as a strategist he had no objection to the proposal. He was only afraid that the changes might be misunderstood in Japan.

Mr. HUGHES said it was necessary to face the situation. Supposing a situation was reached in which the agreement was suggested to include some islands which had not definitely appeared on the face of the document, it would be contrary to the spirit of the agreement. *It would be provocative of further trouble which both wished to avoid.* He could see no way of settling it satisfactorily except by that now proposed.

Baron KATO said he would do his best to secure the agreement of his Government *in the shortest possible time.*

ARTICLE XX.

Article XX was omitted as it had been agreed to include the definitions in the body of the Treaty instead of in an annex.

ARTICLE XXI.

Article XXI was adopted without discussion, *M. Sarraut suggesting, and Senator Schanzer agreeing that this should apply to new tonnage.*

ARTICLE XXII.

The first paragraph of Article XXII was adopted without discussion.

Mr. HUGHES pointed out that there were two alternative drafts for the second paragraph. The second alternative provided for the Conference in eight years but created no machinery for summoning the Conference, in fact it was not self executing. The first alternative provided that the United States should summon the Conference. *This was mere messenger service.* He confessed that he was not attracted by the second alternative.

Mr. BALFOUR said he preferred the first alternative for the reason Mr. Hughes had given, and also because it definitely ruled out the ratio of relative strength in capital ships and aircraft carriers from the scope of the future Conference.

Baron KATO said he preferred the first alternative. He pointed out a clerical error in the last line but one where the words "and VII" should be inserted after Article IV.

M. SARRAUT considered that a Treaty should be clear and simple and in as concise terms as possible. Whatever was said in one part of a Treaty should not have to be repeated. The formula proposed by the United States involved a repetition and might be curtailed. The first suggestion it contained was that the Conference should be

summoned by the United States. To that he had no objection whatsoever. It would be sufficient to add a few words to show that the United States should summon the Conference. The limitation of ratio appeared to him superfluous for the reason that the Treaty provided fully for the replacement of capital ships and aircraft carriers for the whole period covered until its expiration. Why was it necessary to repeat this in Article XXII when it already appeared in the annex to the Treaty, which stated definitely and clearly in the form of a table how the replacement was to be effected? Hence he would prefer to adopt the second alternative adding a few words to show that the Conference would be summoned on the initiative of the United States.

Mr. BALFOUR said that if he rightly understood M. Sarraut he thought it unnecessary and therefore bad drafting to refer to the ratio, since this had been fixed in the annex to the Treaty. That conclusion would be justified if no changes in the Treaty were possible. This Article, however, envisaged changes, in fact this was its very object. If words were not put in to exclude the ratio it would be assumed that the Conference could deal with questions of the ratio. *Therefore the Treaty must say what matters may not be considered at this Conference.*

Mr. HUGHES added to what Mr. Balfour had said that the intention of the paragraph of which alternative drafts had been provided was that a conference should assemble after eight years. It was not called on any question affecting the security of the States, but merely to consider any alterations involved by technical and scientific developments. It was not intended that any change should be made in the ratio for capital ships or aircraft carriers. If reference to the latter were omitted, all questions could be brought up. Of course if the security of any State were menaced, such questions could be brought up under the first paragraph of the Article. Apart from this, however, the Article was only intended to refer to technical and scientific developments.

M. SARRAUT said he was not entirely convinced by what his colleagues had said. His object in formulating his observations had not been with the idea of giving a loophole to escape from the Treaty. He pointed out that the idea of the ratio did not figure in the Treaty. It was true that certain figures had been fixed as regards the tonnage for each nation, which resulted in the fixation of certain proportions. The actual idea of the ratio, however, did not appear. The Annex to the Treaty, however, fixed the tonnage for the whole period covered by the Treaty. Why, therefore, was it necessary to refer to it again here? He thought it would be better to adopt the second alternative. Nothing had been further from

his thoughts than that this should give an opportunity for escaping from the Treaty in eight years.

Mr. HUGHES proposed, in order to meet M. Sarraut, that the last four lines of the first alternative should read as follows:—

"to consider what changes in the Treaty, if any, relating to subjects other than the provisions of Articles IV and VII, may be necessary to meet new conditions".

M. SARRAUT said that this seemed to amount to the same thing. He said he would like to consider the matter further.

Article XXII was therefore reserved.

ARTICLE XXIII.

Senator SCHANZER proposed to substitute in the second line for the words "engaged in hostilities" the words "engaged in war". This would be to adopt the same wording as in Article XVII.

Mr. HUGHES said that there was a point of substance here. There were times when hostilities of a minor character occurred, in which ~~all~~ *each of* the greater nations ~~were~~ *was* apt to become engaged in all parts of the world. They might be quite small, and they should not enable a Power to escape from the Treaty. If this was a sufficient reason to escape from the Treaty it would not have much value. He himself thought, therefore, that the Article in its present form hardly went far enough. At the present moment he had not a formula to propose. It seemed to him, however, that whether the term "hostilities" or "war" were employed, before a Power took any step involving suspension of obligations under the Treaty, that Power must in some way be put on its honour to give its reasons and justify itself. He would be prepared to propose a formula on this subject.

M. SARRAUT said there was substance in this suggestion.

Mr. HUGHES undertook to bring forward a draft.

Mr. BALFOUR also accepted the spirit of the proposal, and suggested to insert in line 2 after "naval operations" the following words:—"and of such a character as to menace their national security."

Mr. HUGHES *thought this was rather broad language but* said his thought had been that the Power wishing to suspend the Treaty must say to the other Powers that it was involved in a situation which affected its national security.

Article XXIII was reserved.

ARTICLE XXIV.

Article XXIV was deleted without discussion, as the Annexes are to form part of the Treaty.

ARTICLE XXV.

Mr. HUGHES said that the United States Delegation did not like the present form of this Article. The Treaty was to endure for

fifteen years. They did not like to countenance a situation in which one party might give notice of withdrawal and the other parties might then find themselves in an equivocal position. All sorts of difficulties might arise as to whether, though still remaining within the Treaty, they ought to denounce, and there might be apprehensions as to whether some second Power might delay until the end of a period of one year and then give notice of denunciation, not leaving time to other Powers to do the same. He could foresee all kinds of difficulties. He suggested that the Treaty should be for fifteen years without the option of withdrawal except as stated in paragraph XXV. It should then continue until some Power desired to terminate it. In the event of this occurring, that Power should give notice, and all the other Powers should then be free. Within one year of the date of the receipt of a notice of termination by any Power, however, all the Powers should meet in conference. He then read the attached draft of a new Article on the subject (Appendix III).

Senator SCHANZER asked if he was right in assuming that on notice of expiration being given by any single Power the Treaty would be demolished?

Mr. HUGHES said this was the intention, but the Treaty would not end until the expiration of two years. In the meantime, however, a conference would have to take place. This might lead either to withdrawal of the notice of expiration or it might lead to a new Treaty being entered into by one or more of the Powers concerned.

Senator SCHANZER asked whether the Power giving notice would be invited to take part in the conference.

Mr. HUGHES replied in the affirmative. His main desire had been for some perfectly simple system. His colleagues had not wished to get into the awkward situation which might be created under the original draft.

Mr. BALFOUR said that he thought Mr. Hughes' plan avoided a danger in regard to which his colleagues had felt apprehensions, namely, that one Power might obtain a start in a new competition of armaments.

Mr. HUGHES agreed that this was provided for. The arrangement for terminating the agreement could not take effect before fifteen years. In the event of one Power wishing to denounce the Treaty all the Powers would then know that unless something happened at the Conference the agreement would terminate. They would receive information from their Naval Attachés, and so forth, as to what other Powers were doing, and if they saw danger threatened they could make preparations accordingly. He did not see how the Power giving notice could obtain any advantage, because it could not start building until two years after the date of the notice.

M. Sarraut said that what interested him was the idea of inviting to the Conference the Power which was denouncing the Treaty.

Mr. Balfour said his first thoughts were favourable to the amendment, but he would like to discuss it with his colleagues and have it examined by his advisers.

Senator Schanzer suggested to substitute the words "31st December, 1936" for "1st January, 1937".

This was adopted.

(N. B. The former date appears in the draft in the Appendix.[94])

ARTICLE XXVI.

Article XXVI was adopted without discussion.

ANNEX A.

Baron Kato suggested that the lists of tonnage ought to disappear, because they were given in the tons adopted for their measurement by the various nations, and not according to the new international ton measurement.

Mr. Hughes drew attention to Article XXI and said he understood the intention to be that all figures should now appear in the new measurements.

Baron Kato suggested that the tonnage should either be reduced to the international basis or omitted.

Mr. Hughes agreed that this was a matter that ought to be looked into by the experts.

Mr. Hughes then proposed an adjournment.

M. Sarraut said he would be glad of this, as the Annexes had not yet been completely translated into French. M. Sarraut asked whether it would be Heads of Delegations to meet on the following day?

Mr. Hughes replied in the affirmative. He thought it desirable to continue working in the small body, not because the other members of the Conference could not make very valuable contributions to the discussion, but simply for the sake of more rapid procedure at the present stage.

Mr. Balfour fully concurred in this proposal.

M. Sarraut asked if the full Committee could meet on Thursday?

Mr. Hughes hoped that this would be the case.

M. Sarraut asked whether there was likely to be a Plenary Meeting before Friday or Saturday? He would like notice, in case he had to prepare a speech.

Mr. Hughes said he hoped to bring the Treaty before the full Committee on Thursday, and then if agreement were reached a Plenary Session might follow on the next day.

[94] i.e., appendix 3.

Baron KATO said he could not hope to receive an answer from Japan in regard to Article XIX by Thursday.

The Committee then adjourned until the following day at 11 a. m.

WASHINGTON, *January 10, 1922.*

[Appendix 1]

Draft of the Naval Treaty

ARTICLE I

The Contracting Powers agree to limit their respective naval armament as provided in the present Treaty.

ARTICLE II

The Contracting Powers may retain respectively the capital ships which are specified in Annex A. On the coming into force of the present Treaty, but subject to the following provisions of this Article, all other capital ships, built or building, of the United States, the British Empire and Japan shall be disposed of as prescribed in Annex B.

In addition to the capital ships specified in Annex A, the United States may complete and retain two ships of the *West Virginia* class. On the completion of these two ships the *North Dakota* and *Delaware* shall be disposed of as prescribed in Annex B.

The British Empire may, in accordance with the replacement table in Annex C, construct two new capital ships not exceeding 35,000 tons standard displacement (35,560 metric tons) each. On the completion of the said two ships the *Thunderer* *, *King George V*, *Ajax* and *Centurion* shall be disposed of as prescribed in Annex B.

ARTICLE III

Subject to the provisions of Article II, the Contracting Powers shall abandon their respective capital ship building programs, and no new capital ships shall be constructed or acquired by any of the Contracting Powers except replacement tonnage which may be constructed or acquired as specified in Annex C and in the replacement table in that Annex.

Ships which are replaced in accordance with Annex C shall be disposed of as prescribed in Annex B.

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* In the place of *Erin*, subject to concurrence of Main Committee. [Footnote in the original.]

Article IV

The total capital ship replacement tonnage of each of the Contracting Powers shall not exceed in standard displacement, for the United States 525,000 tons (533,400 metric tons); for the British Empire 525,000 tons (533,400 metric tons); for France 175,000 tons (177,800 metric tons); for Italy 175,000 tons (177,800 metric tons); for Japan 315,000 tons (320,040 metric tons).

Article V

No capital ship exceeding 35,000 tons, standard displacement (35,560 metric tons) shall be constructed by, for, or within the jurisdiction of, any of the Contracting Powers.

Article VI

No capital ship of any of the Contracting Powers shall carry a gun with a calibre in excess of sixteen inches (406 millimetres).

Article VII

The total tonnage for aircraft carriers of each of the Contracting Powers shall not exceed in standard displacement, for the United States 135,000 tons (137,160 metric tons); for the British Empire 135,000 tons (137,160 metric tons); for France 60,000 tons (60,960 metric tons); for Italy 60,000 tons (60,960 metric tons); for Japan 81,000 tons (82,296 metric tons).

Article VIII

The replacement of aircraft carriers shall be effected only as prescribed in Annex C, provided, however, that all aircraft carrier tonnage in existence or building on November 11, 1921, shall be considered experimental, and may be replaced, within the total tonnage limit, without regard to its age.

Article IX

Subject to the exception contained in Annex B, paragraph III (*a*), no aircraft carrier exceeding 27,000 tons standard displacement (27,432 metric tons) shall be constructed by, for or within the jurisdiction of, any of the Contracting Powers.

Article X

No aircraft carrier of any of the Contracting Powers shall carry a gun with a calibre in excess of eight inches (203 millimetres).

Without prejudice to the provisions of Annex B, paragraph III (*a*), the number of guns with a calibre in excess of six inches (152 millimetres) to be carried shall not exceed ten. The number of six inch (152 millimetres) or smaller guns is not limited.

Article XI

No vessel of war exceeding 10,000 tons standard displacement (10,160 metric tons), other than a capital ship or aircraft carrier, shall be constructed by, for, or within the jurisdiction of any of the Contracting Powers.

Article XII

No vessel of war of any of the Contracting Powers, hereafter built, other than a capital ship, shall carry a gun with a calibre in excess of eight inches (203 millimetres).

Article XIII

Subject to the exception contained in Annex B, paragraph III, no ship designated in the present Treaty to be scrapped may hereafter be reconverted into a vessel of war, nor may it carry guns in excess of four of calibre not exceeding six inches, and four anti-aircraft guns.

Article XIV

The Contracting Powers agree that no preparations shall be made in merchant ships in time of peace for the installation of warlike armaments for the purpose of converting such ships into vessels of war, other than the necessary stiffening of decks for the mounting of guns not exceeding six inch calibre.

Article XV

No vessel of war constructed within the jurisdiction of any of the Contracting Powers for a non-Contracting Power shall exceed the limitations prescribed by the present Treaty for vessels of a similar type which may be constructed for any of the Contracting Powers.

Article XVI

If the construction of any vessel of war for a non-contracting Power is undertaken within the jurisdiction of any of the Contracting Powers, such Power shall inform the other Contracting Powers of the date of the signing of the contract and the date on which

the keel of the ship is laid, and will also communicate to them the particulars relating to the ship prescribed in Annex C., Chapter I, (*e*), (4) and (5).

ARTICLE XVII

In the event of a Contracting Power being engaged in war, such Power shall not use as a vessel of war any vessel of war which may be under construction within its jurisdiction for any other Power.

ARTICLE XVIII

Each of the Contracting Powers undertakes not to dispose of any vessel of war in such a manner that such vessel may become a vessel of war in the Navy of any foreign Power.

ARTICLE XIX

Pacific fortifications. Reserved as still under consideration.

ARTICLE XX

When the expressions "Vessel of war", "Fleet auxiliary", "Capital ship" or "Aircraft carrier" are used in the present Treaty, they are used in the respective senses defined in Annex D.

ARTICLE XXI

The rules for determining tonnage displacement prescribed in Annex E shall apply to the ships of each of the Contracting Powers.

ARTICLE XXII

If during the term of the present Treaty the requirements of the national security of any Contracting Power in respect of naval defence are, in the opinion of that Power, materially affected by any change of circumstances, the Contracting Powers will, at the request of such Power meet in conference with a view to the reconsideration of the provisions of the Treaty and its amendment by mutual agreement.

(First alternative)

In view of possible technical and scientific developments, the United States of America, after consultation with the other Contracting Powers, shall arrange for a conference of all the Contracting Powers which shall convene as soon as possible after the expiration of eight years from the coming into force of the present

Treaty to consider what changes in the Treaty, if any, relating to subjects other than the relative strength in capital ship and aircraft tonnage prescribed in Article IV may be necessary to meet new conditions.

(Second alternative)

In any case a new conference shall be held in eight years from the date of the coming into force of the present Treaty with a view to examine new technical conditions which may have developed since that date.

Article XXIII

In the event of any of the Contracting Powers becoming engaged in hostilities involving naval operations, the Contracting Power or Powers so engaged may give notice to the other Contracting Powers of their suspension of their obligations under the present Treaty, other than those under Articles XIII and XVII. The remaining Contracting Powers will, whether or not the Power concerned gives such notice, consult together to decide what temporary modifications, if any, should be made in the operation of the Treaty as between themselves. Should such consultation not produce agreement, any one of the Contracting Powers may, by giving notice to the other Contracting Powers, suspend its obligations under the present Treaty.

On the re-establishment of peace the Contracting Powers will meet in conference to consider what definitive modifications, if any, should be made in the provisions of the present Treaty.

Article XXIV

The Annexes to the present Treaty shall be regarded as parts of the Treaty with the same legal effect as any other parts thereof.

(Subject to possible use in accordance with the final decision as to the arrangement of the Treaty).

Article XXV

The present Treaty shall remain in force until January 1st, 1937. It may be denounced by any of the Contracting Powers after January 1st, 1935. If one of the Contracting Powers desires to denounce the Treaty the denunciation shall be notified in writing to the Government of the United States, which shall immediately communicate a duly certified copy of the notification to the other Powers, informing them of the date on which it was received.

The denunciation shall have effect in regard to the notifying Power only. It shall become effective two years after the date on which it has reached the Government of the United States.

Within one year from that date all the Contracting Powers shall meet in conference.

In case of the withdrawal of any Power, any other Power may withdraw at the same time or thereafter, but at least one year's previous notice must be given.

Article XXVI

The present Treaty shall be ratified by the Contracting Powers in accordance with their respective constitutional methods and shall take effect on the date of the deposit of all the ratifications which shall take place at Washington as soon as possible. The Government of the United States will transmit to the other Contracting Powers a certified copy of the *procès-verbal* of deposit of ratification.

The present Treaty, in English and in French, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to the other Contracting Powers.

In faith whereof the above named Plenipotentiaries have signed the present Treaty.

Done at the City of Washington the . . . . . day of . . . . . One Thousand Nine hundred and Twenty-two.

ANNEX A

In accordance with Article II ships may be retained by each of the Contracting Powers as specified in this Annex.

Capital Ships to Be Retained

Ships Which May Be Retained by the United States

Name	*Tonnage*	*Name*	*Tonnage*
Maryland	32,600	Nevada	27,500
California	32,300	New York	27,000
Tennessee	32,300	Texas	27,000
Idaho	32,000	Arkansas	26,000
New Mexico	32,000	Wyoming	26,000
Mississippi	32,000	Florida	21,825
Arizona	31,400	Utah	21,825
Pennsylvania	31,400	North Dakota	20,000
Oklahoma	27,500	Delaware	20,000
	Total Tonnage . . .	500,650	

On the completion of the two ships of the *West Virginia* class and the scrapping of the *North Dakota* and *Delaware*, as provided

in Article 2, the total tonnage to be retained by the United States Government will be 525,850 tons standard measurement.

SHIPS WHICH MAY BE RETAINED BY THE BRITISH EMPIRE

Name	*Tonnage*	*Name*	*Tonnage*
Royal Sovereign	25,750	Emperor of India	25,000
Royal Oak	25,750	Iron Duke	25,000
Revenge	25,750	Marlborough	25,000
Resolution	25,750	Hood	41,200
Ramillies	25,750	Renown	26,500
Malaya	27,500	Repulse	26,500
Valiant	27,500	Tiger	28,500
Barham	27,500	Thunderer *	22,500
Queen Elizabeth	27,500	King George V	23,000
Warspite	27,500	Ajax	23,000
Benbow	25,000	Centurion	23,000

Total Tonnage . . . 580,450

On the completion of the two new ships to be constructed and the scrapping of the *Thunderer*, *King George V*, *Ajax* and *Centurion*, as provided in Article 2, the total tonnage to be retained by His Britannic Majesty's Government will be 562,950 tons standard measurement.

SHIPS WHICH MAY BE RETAINED BY FRANCE

Name	*Tonnage (metric tons)*	*Name*	*Tonnage (metric tons)*
Bretagne	23,500	Jean Bart	23,500
Lorraine	23,500	Courbet	23,500
Provence	23,500	Condorcet	18,890
Paris	23,500	Diderot	18,890
France	23,500	Voltaire	18,890

Total Tonnage . . . 221,170

France may lay down new tonnage in the years 1927, 1929, and 1931, as provided in Annex C.

SHIPS WHICH MAY BE RETAINED BY ITALY

Name	*Tonnage (metric tons)*	*Name*	*Tonnage (metric tons)*
Andrea Doria	22,700	Dante Aleghieri [97]	19,500
Caio Duilio	22,700	Roma	12,600
Conti Di Cavour [95]	22,500	Napoli	12,600
Guilio Ceasare [96]	22,500	Vittorio Emanuele	12,600
Leonardo Da Vinci	22,500	Regina Elena	12,600

Total Tonnage . . . 182,800

Italy may lay down new tonnage in the years 1927, 1929, and 1931, as provided in Annex C.

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* See note to Article 2. [Footnote in the original.]
[95] Should read "Conte Di Cavour."
[96] Should read "Giulio Cesare."
[97] Should read "Dante Alighieri."

SHIPS WHICH MAY BE RETAINED BY JAPAN

Name	*Tonnage*	*Name*	*Tonnage*
Mutsu	33,800	Fu-So	30,600
Nagato	33,800	Kirishima	27,500
Hiuga	31,260	Haruna	27,500
Ise	31,260	Hiyei	27,500
Yamashiro	30,600	Kongo	27,500

Total Tonnage . . . 301,320

ANNEX "B"

Rules for Scrapping Vessels of War

The following rules shall be observed for the scrapping of vessels of war which are to be disposed of in accordance with Articles II and III.

I. A vessel to be scrapped must be placed in such condition that it cannot be put to the combatant use for which it was originally designed.

II. This result must be finally effected in one or other of the following ways:—

(*a*) Permanent sinking of the vessel;
(*b*) Breaking the vessel up. This shall always involve the destruction or removal of all machinery, boilers, and armour, and all deck, side and bottom plating;
(*c*) Converting the vessel to commercial use. In such case the rules in paragraph IV of this Annex must be previously complied with;
(*d*) Converting the vessel to harbour use exclusively or to naval auxiliary use. In such case the rules in paragraph IV of this Annex must be previously complied with, except that not more than four guns of a calibre not in excess of six inches and not more than four anti-aircraft guns may be retained.
(*e*) Converting the vessel to permanent target use. In such case all the provisions of paragraph IV of this Annex, except sub-paragraph 6, in so far as may be necessary to enable the ship to be used as a mobile target, and sub-paragraph 7, must be previously complied with. Not more than one capital ship is to be retained for this purpose at one time by any of the Contracting Powers.
(*f*) Converting certain Capital Ships which are designated for scrapping under Article 3 to sea-going gunnery training ships, as may be decided at a future Conference.

III. (*a*) A number of capital ships, completed or laid down, not to exceed two for each Contracting Power may be considered as scrapped as capital ships when converted to aircraft carriers, provided that the total tonnage displacement of each capital ship when converted to an aircraft carrier shall not exceed 33,000 tons standard displacement; that the number of guns with a calibre in excess of six inches (152 millimetres) to be carried on such aircraft carriers shall not exceed

eight; that this tonnage shall be counted in the total tonnage limit of aircraft carriers for a Power converting such capital ships; and that future replacements shall not exceed 27,000 tons standard displacement for any aircraft carrier.

(*b*) Not more than one completed capital ship for each Contracting Power may be considered as having been scrapped when it has been converted to a ship designated solely for turret training instruction. This converted ship shall conform to all the provisions of Annex B, paragraph IV, except sub-paragraph 3, and sub-paragraphs 1 and 2, in so far that not more than two turrets with their guns and all working parts either hydraulic or electric, together with all fire control tops may be retained.

IV. (*a*) Subject to the special exceptions contained in paragraphs II and III, when a vessel is designated for scrapping, the first stage of scrapping, which consists in rendering a ship incapable of further warlike service, shall be immediately undertaken.

(*b*) A vessel shall be considered incapable of further warlike service when there shall have been removed and landed, or else destroyed in the ship:—

(1) All guns and essential portions of guns, fire-control tops and revolving parts of all barbettes and turrets;
(2) All machinery for working hydraulic or electric mountings;
(3) All fire-control instruments and rangefinders;
(4) All ammunition explosives and mines;
(5) All torpedoes, warheads and torpedo tubes;
(6) All wireless telegraphy installations;
(7) The conning tower and all side armour, or alternatively all main propelling machinery;
(8) All landing and flying-off platforms and all other aviation accessories.

V. The periods in which the scrapping of vessels is to be effected are as follows:—

(*a*) In the case of vessels to be scrapped under the first paragraph of Article II of the present Treaty, the vessels shall be rendered incapable of further warlike service, in accordance with paragraph IV of this Annex, within fifteen months from the coming into force of the Treaty, and the scrapping shall be finally effected within four years from such coming into force. Should any Contracting Power find that for economical or other reasons it cannot complete the scrapping within four years, the fact shall be represented to the other Contracting Powers and a further extent of time requested.

(*b*) In the case of vessels to be scrapped under the second and third paragraphs of Article II, or under Article III of the present Treaty, the work of rendering the vessel incapable of further warlike service in accordance with paragraph IV of this Annex shall be commenced not later than the date of completion of its successor, and shall be finished within six months from the date of such completion. The

vessel shall be finally scrapped, in accordance with paragraph II of this Annex, within eighteen months from the date of completion of its successor.

VI. Subject to the special exceptions contained in paragraph III of this Annex, no vessel which is to be scrapped under the present Treaty shall again be used as a vessel of war, or be restored so as to fit it for such use.

ANNEX C

Replacement

The replacement of capital ships and aircraft carriers shall take place according to the rules in Chapter I and the tables in Chapter II of this Annex.

Chapter I

RULES FOR REPLACEMENT OF COMBATANT VESSELS

(*a*) The tonnage limits for capital ship replacement shall be:

United States . .	525,000 tons standard measurement (533,400 metric tons)
British Empire .	525,000 tons standard measurement (533,400 metric tons)
France	175,000 tons standard measurement (177,800 metric tons)
Italy	175,000 tons standard measurement (177,800 metric tons)
Japan	315,000 tons standard measurement (320,040 metric tons)

(*b*) The tonnage limits for aircraft carrier replacements shall be:

United States . .	135,000 tons standard measurement (137,160 metric tons)
British Empire .	135,000 tons standard measurement (137,160 metric tons)
France	60,000 tons standard measurement (60,960 metric tons)
Italy	60,000 tons standard measurement (60,960 metric tons)
Japan	81,000 tons standard measurement (82,295[98] metric tons)

(*c*) Capital ships and aircraft carriers twenty years from the date of completion may be replaced by new construction, but within the limits prescribed in paragraphs (*a*) and (*b*). The keels of such new construction may be laid down not earlier than seventeen years from the date of completion of the tonnage to be replaced, provided, however, that no capital ship tonnage, with the exception of the ships referred to in Article 2, and the replacement tonnage specifi-

[98] For correction of this figure in the second draft, see p. 225.

cally mentioned in Annex C, Chapter II, shall be laid down until ten years from the date of the coming into force of this Treaty.

(*d*) The scrapping of capital ships and aircraft carriers replaced by new construction shall be undertaken in conformity with the rules laid down in Annex B, but if the date of completion of new construction be delayed, then the scrapping of old construction shall begin within four years of the laying of the keels of such new construction.

(*e*) Each of the Contracting Powers shall communicate promptly to each of the other Contracting Powers the following information:

1. The names of the capital ships or aircraft carriers to be replaced by new construction;
2. The date of governmental authorization of replacement tonnage;
3. The dates of laying the keels of replacement tonnage;
4. The displacement tonnage in standard and metric tons of each new ship to be laid down, and the principal dimensions, namely, length at waterline, extreme beam at or below waterline, mean draft at standard displacement;
5. The date of completion of each new ship and its displacement tonnage in standard and metric tons, and the principal dimensions, namely, length at waterline, extreme beam at or below waterline, mean draft at standard displacement, at time of completion.

(*f*) While this Treaty remains in force, in case of loss or accidental destruction of capital ships or aircraft carriers, they may be immediately replaced by new construction in conformity with the provisions of this Treaty.

(*g*) Reconstruction of capital ships and aircraft carriers shall be limited to providing new means of defence against air and submarine attack. The Contracting Powers may, for that purpose, equip existing tonnage with bulge or blister, or antiair attack deck protection, provided the increase of displacement thus effected does not exceed 3000 standard displacement tons (3048 metric tons) for each ship. No alterations in side armor, in calibre, number, or general type of mounting of main armament shall be permitted except in the case of France and Italy, which countries within the limits allowed for bulge may increase their armor protection and the calibre of the guns now carried on their existing capital ships so as not to exceed 16 inches.

(*h*) Any capital ship or aircraft carrier allowed under the terms of the present Treaty upon which repairs or alterations may have been begun, or upon which money has been expended for such repair or alteration, on November 12, 1921, may complete such repair or alteration, but may undertake no additional repairs or alterations except as provided in the other paragraphs of this Annex.

[Chapter II]

Replacement and Scrapping of Capital Ships

UNITED STATES

Year	Ships Laid Down	Ships Completed	Ships Scrapped (Age in Brackets)	Summary	
				Pre Jutland	Post Jutland
1921	.....	.....	South Carolina (12) Michigan (12) 13 building or projected.	17	1
1922	.....	A. B.*	Delaware (12), North Dakota (12)..	15	3
1923	.....	.....	.....	15	3
1924	.....	.....	.....	15	3
1925	.....	.....	.....	15	3
1926	.....	.....	.....	15	3
1927	.....	.....	.....	15	3
1928	.....	.....	.....	15	3
1929	.....	.....	.....	15	3
1930	.....	.....	.....	15	3
1931	C. D.	.....	.....	15	3
1932	E. F.	.....	.....	15	3
1933	G.	.....	.....	15	3
1934	H. I.	C. D.	Florida (23), Utah (23), Wyoming (22).	12	5
1935	J.	E. F.	Arkansas (23), Texas (21), New York (21).	9	7
1936	K. L.	G.	Nevada (20), Oklahoma (20).....	7	8
1937	M.	H. I.	Arizona (21), Pennsylvania (21).....	5	10
1938	N. O.	J.	Mississippi (21).....	4	11
1939	P. Q.	K. L.	New Mexico (21), Idaho (20).....	2	13
1940	.....	M.	Tennessee (20)	1	14
1941	.....	N. O.	California (20), Maryland (20).....	0	15
1942	.....	P. Q.	2 Ships Washington Class.....	0	15

* 2 West Virginia Class.

Replacement and Scrapping of Capital Ships

BRITISH EMPIRE

Year	Ships Laid Down	Ships Completed	Ships Scrapped (Age in Brackets)	Summary	
				Pre Jutland	Post Jutland
1921	.....	.....	Dreadnought (15), Bellerophon (12), Collingwood (11), St Vincent (11), Inflexible (13), Superb (12), Neptune (10), Hercules (10), Indomitable (13), Temeraire (12), Colossus (10), New Zealand (9), Lion (9), Princess Royal (9), Conqueror (9), Monarch (9), Thunderer (9), Orion (9), Australia (8), Agincourt (7) 4 building or projected.	21	1
1922	A. B.*	.....	.....	21	1
1923	.....	.....	.....	21	1
1924	.....	.....	.....	21	1
1925	.....	A. B.	King George V (13), Ajax (12), Centurion (12), Erin (11).	17	3

REPLACEMENT AND SCRAPPING OF CAPITAL SHIPS—Continued
BRITISH EMPIRE—continued

Year	Ships Laid Down	Ships Completed	Ships Scrapped (Age in Brackets)	Summary	
				Pre Jutland	Post Jutland
1926	.....	.....	.....	17	3
1927	.....	.....	.....	17	3
1928	.....	.....	.....	17	3
1929	.....	.....	.....	17	3
1930	.....	.....	.....	17	3
1931	C. D.	.....	.....	17	3
1932	E. F.	.....	.....	17	3
1933	G.	.....	.....	17	3
1934	H. I.	C. D.	Iron Duke (20), Marlborough (20), E. of India (20), Benbow (20).	13	5
1935	J.	E. F.	Tiger (21), Q. Elizabeth (20), Warspite (20), Barham (20).	9	7
1936	K. L.	G.	Malaya (20), Royal Sovereign (20)..	7	8
1937	M.	H. I.	Revenge (21), Resolution (21).....	5	10
1938	N. O.	J.	Royal Oak (22).....	4	11
1939	P. Q.	K. L.	Valiant (23), Repulse (23).....	2	13
1940	.....	M.	Renown (24).....	1	14
1941	.....	N. O.	Ramillies (24), Hood (21).....	0	15
1942	.....	P. Q.	A (17) B (17).....	0	15

= 2 35,000 ton ships standard tons.

REPLACEMENT AND SCRAPPING OF CAPITAL SHIPS
FRANCE

1. Year	2. Ships Laid Down	3. Ships Completed	Ships Scrapped (Age in brackets)	Summary	
				Pre Jutland	Post Jutland
1921	.....	.....	.....	7	0
1922	.....	.....	.....	7	0
1923	.....	.....	.....	7	0
1924	.....	.....	.....	7	0
1925	.....	.....	.....	7	0
1926	.....	.....	.....	7	0
1927	A	.....	.....	7	0
1928	.....	.....	.....	7	0
1929	B	.....	.....	7	0
1930	.....	A	J Bart (17) Courbet (17).....	5	1
1931	C	.....	.....	5	1
1932	D	B	France (18).....	4	2
1933	E	.....	.....	4	2
1934	.....	C	Paris (20) Bretagne (20).....	2	3
1935	.....	D	Provence (20).....	1	4
1936	.....	E	Lorraine (20).....	0	5
1937	.....	.....	.....	0	5
1938	.....	.....	.....	0	5
1939	.....	.....	.....	0	5
1940	.....	.....	.....	0	5
1941	.....	.....	.....	0	5
1942	.....	.....	.....	0	5

1. A. B. C. D. E. in column 2 represent not necessarily a single ship but 35,000 tons, standard displacement.
2. It is understood that the laying down of all or part of the tonnage may be postponed.

Replacement and Scrapping of Capital Ships

ITALY

Year	Tonnage		Ships Scrapped (Age in Brackets)	Summary	
	Laid Down	Completed		Pre Jutland	Post Jutland
1921	.....	.....	.....	6	0
1922	.....	.....	.....	6	0
1923	.....	.....	.....	6	0
1924	.....	.....	.....	6	0
1925	.....	.....	.....	6	0
1926	.....	.....	.....	6	0
1927	35,000 tons	.....	.....	6	0
1928	.....	.....	.....	6	0
1929	35,000 tons	.....	.....	6	0
1930	.....	.....	.....	6	0
1931	35,000 tons	35,000 tons	Dante Alighieri (19).....	5	Within Tonnage Limitations number not fixed.
1932	45,000 tons	.....	.....	5	"
1933	25,000 tons	35,000 tons	Leonardo da Vinci (19)....	4	"
1934	.....	.....	.....	4	"
1935	.....	35,000 tons	Guilio Cassare [99] (21).....	3	"
1936	.....	45,000 tons	Duilio (21) Conte di Cavour (21).	1	"
1937	.....	25,000 tons	Andrea Doria (21).....	0	"

NOTE: Italy expressly reserves the right of employing the capital ship tonnage allotment as she may consider advisable, subject solely to the limitations that the displacement of individual ships should not surpass 35,000 tons, and the total capital ship tonnage should keep within the limits imposed by above table.

Replacement and Scrapping of Capital Ships

JAPAN

Table A

Year	Ships to be built		Ships scrapped (Age in brackets)	Number of Ships retained
	Laid down	Complete		Number of Ships Pre- post Jutland
1921	.....	A (Mutsu)	Settsu (9).....	8—2
1922	.....	.....	.....	8—2
1923	.....	.....	.....	8—2
1924	.....	.....	.....	8—2
1925	.....	.....	.....	8—2
1926	.....	.....	.....	8—2

[99] Should read "Giulio Cesare."

REPLACEMENT AND SCRAPPING OF CAPITAL SHIPS—Continued

JAPAN—continued

Year	Ships to be built		Ships scrapped (Age in brackets)	Number of Ships retained
	Laid down	Complete		Number of Ships Pre- post Jutland
1927	.....	.....	.....	8—2
1928	.....	.....	.....	8—2
1929	.....	.....	.....	8—2
1930	.....	.....	.....	8—2
1931	B	.....	.....	8—2
1932	C	.....	.....	8—2
1933	D	.....	.....	8—2
1934	E	B	Kongo (21).....	7—3
1935	F	C	Hiyei (21) Haruna (20).....	5—4
1936	G	D	Kirishima (21).....	4—5
1937	H	E	Fuso (22).....	3—6
1938	I	F	Yamashiro (21).....	2—7
1939	J	G	Ise (22).....	1—8
1940	.....	H	Hyuga (22).....	0—9
1941	.....	I	Nagato (21).....	0—9
1942	.....	J	Mutsu (21).....	0—9

ANNEX D

For the purposes of the present Treaty, the following expressions are to be understood respectively, in the senses defined in this Annex.

VESSEL OF WAR

A vessel of war is defined as a vessel under government control primarily designed for the purpose of taking offensive action.

FLEET AUXILIARY

A Fleet Auxiliary is defined as any vessel under government control, armed or unarmed, which does not fall under the definition of Vessel of War, and which is employed on fleet duties or as a troop transport or in any other way for the direct purpose of prosecuting hostilities.

CAPITAL SHIP

A Capital Ship, in the case of ships hereafter built, is defined as a vessel of war, not an aircraft carrier, whose displacement exceeds 10,000 tons standard displacement (10,160 metric tons), or which carries a gun with a calibre exceeding eight inches (203 millimetres).

Aircraft Carrier

An Aircraft Carrier is defined as a vessel of war with a displacement in excess of 10,000 tons standard displacement (10,160 metric tons), especially designed for carrying aircraft and so constructed that aircraft can be launched from and landed thereon.

ANNEX E

Standard Displacement

The standard displacement of a ship is the displacement of the ship complete, fully manned, engined, and equipped ready for sea, including all armament and ammunition, equipment, outfit, provisions and fresh water for crew, miscellaneous stores and implements of every description that are intended to be carried in war, but without fuel or reserve feed water on board.

Vessels now completed shall retain their present ratings of Displacement Tonnage in accordance with their national system of measurement. However, a Power expressing displacement in metric tons shall be considered for the application of the present Treaty as owning only the equivalent displacement in tons of 2240 pounds.

A vessel completed hereafter shall be rated at its displacement tonnage when in the standard condition defined herein.

(This Annex is possibly incomplete).

[Appendix 2]

Suggestion for Preamble

(Proposed by Mr. Hughes at Meeting of Heads of Delegations on January 10th, 1922, at 3 p. m.)

The United States of America, the British Empire, France, Italy and Japan;

Desiring to strengthen the friendly relations which unite them, to contribute to the maintenance of the general peace, and to reduce the burdens of competition in armament, have resolved, with a view to accomplishing these purposes, to conclude a treaty to limit their respective naval armament, and to that end have appointed their plenipotentiaries;

. . . . . .

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed as follows:

[Appendix 3]

Article XXV of Naval Treaty

(Draft proposed by Mr. Hughes on January 10, 1922, at 3 p. m.)

The present Treaty shall remain in force until 31st December, 1936, and in case none of the High Contracting Powers shall have given notice two years before that date of its intention to terminate the Treaty, it shall continue in force until the expiration of two years from the date on which notice of termination shall be given by one of the Contracting Powers, whereupon the Treaty shall terminate as regards all the Contracting Powers. Such notice shall be communicated in writing to the Government of the United States, which shall immediately transmit a duly certified copy of the notification to the other Powers and inform them of the date on which it was received. The notice shall take effect on that date.

Within one year of the date of the receipt by the Government of the United States of a notice of termination by any Power, all the Contracting Powers shall meet in conference.

Disarmament Conference File No. 250/10 Secret

Memorandum by the Secretary to the British Empire Delegation of a Meeting of Heads of Delegations Held at the Pan American Union, January 11, 1922, 11 a. m.[1]

PRESENT:—

UNITED STATES OF AMERICA	THE BRITISH EMPIRE	FRANCE
Mr. Hughes	Mr. Balfour	M. Sarraut
Mr. J. R. Clark	Sir Maurice Hankey	Captain Frochot
		M. Camerlynck (Interpreter)

JAPAN	ITALY
Baron Kato	Senator Schanzer
Captain Uyeda	M. Pagliano
Mr. Ichihashi (Interpreter)	

NAVAL TREATY.

Mr. HUGHES thought the best plan would be to start from the beginning of the Draft Treaty[2] and ascertain the present position.

ARTICLES I–IX.

Article I, he said, had been passed, but as regards Article II, he withdrew the reservation he had made on the previous day. Articles III–IX had been passed.

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[1] No agreed official minutes of this meeting were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

The file copy of this memorandum bears corrections by Mr. Clark. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*.

[2] Unless otherwise noted, references in this memorandum are to the draft printed *supra*.

ARTICLE X.

Mr. HUGHES said he accepted the amendment proposed by Mr. Balfour on the previous day.[3]

Senator SCHANZER said that in a spirit of conciliation, the Italian Delegation would accept the English proposal. The Italian experts, however, desired to add in the last line, after the words "anti-aircraft guns", the following words—"and guns not exceeding 4.6″."

Mr. HUGHES, after retiring to consult his experts, said that the American Delegation accepted.

M. SARRAUT said he would like to consult with his experts. Personally, he was inclined to conciliation, but he must examine the practical consequences. Regarding anti-aircraft guns, for example, expert opinion differed. Some thought small guns were best and others thought large guns would be required. It would be difficult for him to express an opinion. He himself [*must*], therefore, examine the question before giving a final acceptance.

Mr. BALFOUR said the British experts would approve [*prefer*] not to include Senator Schanzer's addition, but in order to settle the question, he would not decline it.

The Article as finally reserved, at M. Sarraut's instance, for further consideration, is as follows:—

"No aircraft carrier of any of the Contracting Powers shall carry a gun with a calibre in excess of 8 inches (203 millimetres). Without prejudice to the provisions of Annex B, paragraph III (a), if the armament carried includes guns exceeding 6-inches (152 millimetres) in calibre, the total number of guns carried shall not exceed 10. If alternatively, the armament contains no guns exceeding 6-inches (152 millimetres) in calibre, the number of guns is not limited. In either case the number of anti-aircraft guns and guns not exceeding 4.6-inches is not limited."

ARTICLES XI AND XII.

Articles XI and XII were passed.

ARTICLE XIII.

Mr. HUGHES asked permission to reserve this Article until the discussion on Annex B.

ARTICLE XIV.

Mr. HUGHES withdrew the reservation he had made on the previous day, and the Article was adopted.

ARTICLE XV.

Article XV had been adopted the previous day.

ARTICLE XVI.

Article XVI was adopted as amended on the previous day.

ARTICLE XVII.

Article XVII was adopted as amended on the previous day.

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[3] *Ante*, p. 148.

ARTICLE XVIII.

Article XVIII had been adopted on the previous day.

ARTICLE XIX.

Article XIX awaits the receipt by Baron Kato of a telegram from his Government.

ARTICLE XX.

Article XX was suppressed on the previous day.

ARTICLE XXI.

Article XXI had been passed on the previous day.

ARTICLE XXII.

Article XXII—the first paragraph had been passed on the previous day.

Mr. HUGHES said that M. Sarraut's Delegation would accept the first alternative for the second paragraph in the form in which he had suggested under which the last lines would read as follows:—

"to consider what changes in the Treaty, if any, relating to subjects other than the provisions of Articles IV and VII, may be necessary to meet new conditions."

Mr. BALFOUR said he saw great difficulties under that method, but he also saw an advantage. He understood that Mr. Hughes would delete the words in the original paragraph—"other than —".

Mr. HUGHES, interrupting, said that he would not propose to delete these words.

M. SARRAUT said that in order to avoid protracting the discussion, he would say at once that to reach agreement, he would accept the Article as amended by Mr. Hughes.

Mr. BALFOUR said that the object of the whole paragraph was to provide for the case where technical and scientific developments might occur, and it was proposed that in that event the Powers should meet together to see how far the Treaty should be modified to meet the new conditions. The second object was to prevent the ratio being discussed. The wording as now proposed by Mr. Hughes would prevent the discussion not only of the ratio, but of the absolute tonnage. He apprehended, with regret, that there might be great improvements in aircraft during the next eight years and this might lead to a desire on the part of the nations to construct ships of larger size than 35,000 tons, in order to render them more effective, not offensively, but defensively, against the new forms of attack. This ought to be allowed. If, however, Mr. Hughes' wording were adopted, it would not be practicable.

Baron KATO asked to be quite clear as to whether the words in the fourth line from the end, if any, were to be omitted.

Mr. HUGHES replied, "No". His suggestion had been, instead of defining the omission of the ratio, to refer to the relevant paragraphs. In view of Mr. Balfour's doubt, however, he did not want to

press his proposal. Mr. Balfour had pointed out that the object of the paragraph was to avoid discussion of the ratio, but the effect would be to prohibit the discussion of total tonnage. He thought there might be developments which might necessitate a larger tonnage.

Baron KATO said he did not mind which formula was adopted.

Mr. HUGHES thought that, in view of Mr. Balfour's remarks, it would be better to return to the original paragraph.

M. SARRAUT asked, if the United States Delegation withdrew their remarks.

Mr. HUGHES replied that they did owing to Mr. Balfour's explanation.

M. SARRAUT said that in these circumstances he had no alternative but to revert to his original position, which he had taken up yesterday for reasons which he had given. He had accepted the American text in a spirit of conciliation in order to reach agreement, but he was now obliged to revert to his original position. The word "ratio" is what the French Delegation objected to. The word had not been used in the preceeding Articles of the Treaty. The French Delegation had always maintained that, owing to their special circumstances, the ratio could not be applied to them. It was true they had accepted certain limitations of tonnage, so that the word did correspond to the realities. They had agreed to the tonnage, however, without admitting the principle of the ratio. Why was it necessary to insert this word here? The Powers were bound by the table of replacement which could not be modified within the terms of the Treaty. There was no object, therefore, to be gained by inserting the word "ratio" here. As to what Mr. Balfour had said, he agreed that some modification of tonnage might be necessitated by future developments and Mr. Balfour's argument was a sound one. There was no reason, however, why the Conference in eight years should not take that into account, and he saw nothing which would prevent them from doing so. The reasons given, however, were not sufficient to justify the proposed alteration. To sum up, he would accept the American modification because it reached the same idea without introducing the idea of the ratio. To introduce the ratio was useless because all necessary guarantees were provided by the Annex and all the Powers would be bound by it until 1937 under the tables in the Annex. The idea of the ratio could not be changed by the will of any Power, since unanimity was necessary for an alteration. In these conditions, he had accepted the American proposal in a spirit of ~~transaction~~ *conciliation*, but if the American proposal was withdrawn, he would have to revert to his original position, although he had every desire for an agreement.

Senator SCHANZER said he would be quite willing to accept Mr. Balfour's proposal, which appeared to him reasonable, but as M.

Sarraut could not agree to it, he thought it would be better to go back to the American proposal.

Mr. Balfour said he was not sure if he thoroughly understood M. Sarraut's objection. All were agreed in substance that there was force in his contention that among the changes required after eight years, there might be a change in the tonnage of capital ships. Could it be denied that such a change was inconsistent with Article VII?[4] If Mr. Hughes' amendment referring specifically to Article VII were adopted, therefore, it would not be possible to make improvements in the capital ship to meet the advance in mines, torpedoes, aircraft, etc.

M. Sarraut said that he admitted that Mr. Balfour's idea possessed substance. He understood it and admitted it. The Powers could not be bound ever-lastingly by the Treaty. If improvements were discovered, it would be absurd and stupid not to take advantage of them. He only desired to seek a formula by which Mr. Balfour's idea could be put into the draft, and he had no wish to obstruct the agreement. He did not wish, however, to include in this Article, ideas which were provided for elsewhere in the Treaty, and particularly those which would change the character of the Article. Consequently, he would propose to reserve the Article for the present and to seek a formula which might be submitted at an early meeting of the Conference. He felt sure that it was possible to find such a formula.

Mr. Hughes suggested that Mr. Balfour's fundamental idea was correct, namely, that the total tonnage might have to be increased, though the ratio should not be altered. He thought, however, that possibly they were discussing something which was merely verbal. The first paragraph of the Article provided for a Conference in case the national security of a State was affected. Any changes made must be by unanimous consent. The second part of the Article related only to technical and scientific developments. Here again, unless there was unanimous consent of all the Powers concerned, the Treaty could not be changed. If all the Powers wished to make a change, it could be done, but any Power that disliked a change could prevent it by refusing consent. If any Power, therefore, wished to obstruct a change, it could deprive the Power proposing the change of the right to include these developments. In fact, any Power could block a change if it were hostile to the idea. The question was whether it was desired to prevent a Power having the technical ability to say, "This, at any rate, must be discussed." *It was evident the French objected to words "relative strength". The point was should there be retained the technical advantage of*

[4] Article IV of the draft limits the total replacement tonnage of capital ships; article VII limits the total tonnage of aircraft carriers.

saying this must be discussed. He must point out that quite apart from the Conference, there would be diplomatic opportunities for discussing such a matter and that any Power would have the power to block.

M. SARRAUT asked if Mr. Hughes had a definite proposal.

Mr. BALFOUR, . . . after a short adjournment to consult his experts, suggested that the last few lines should read as follows:—

"To consider what changes in the Treaty, if any, may be necessary to meet such developments."

He pointed out that the words which M. Sarraut had objected to appeared unnecessary, since the whole Article was governed by the words "technical and scientific developments" in the first line of the paragraph. Any alteration in the ratio would be a political question and not a technical and scientific question. Consequently, he believed that his advisers would be satisfied if it read as he had proposed. These words would limit the scope of the Conference to technical and scientific developments. . . .

Mr. HUGHES said he would like to consult his experts about this.

M. SARRAUT said he would accept this formula.

Senator SCHANZER accepted.

Baron KATO accepted.

Mr. BALFOUR said he would be in a painful position if his Delegation refused to accept.

ARTICLE XXIII.

Mr. HUGHES, in fulfilment of his promise on the previous day, handed round the following draft, which he then read:—

"Whenever any Contracting Power shall become engaged in a war which in its opinion affects the naval defence of its national security, such Power may after notice to the other Contracting Powers suspend for the period of hostilities its obligations under the present treaty other than those under Articles XIII and XVII, provided that such Power shall notify the other Contracting Powers that the emergency is of such a character as to require such suspension.

The remaining Contracting Powers shall in such case consult together with a view to agreement as to what temporary modifications if any should be made in the treaty as between themselves. Should such consultation not produce agreement, duly made in accordance with the Constitutional methods of the respective Powers, any one of said Contracting Powers may, by giving notice to the other Contracting Powers, suspend its obligations under the present Treaty, other than those under Articles XIII and XVII.

On the cessation of hostilities[5] the Contracting Powers will meet in conference to consider what modifications, if any, should be made in the provisions of the present Treaty."

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[5] In the draft circulated by Mr. Hughes at this time the opening words of this paragraph appear to have been "On the re-establishment of peace".

Senator SCHANZER accepted the draft, but suggested that in the first part of the Article for the words " period of hostilities " should be substituted the same words as in the last part of the draft, namely, the words " on the re-establishment of peace ". In making this suggestion he pointed out that there were three periods; namely, first the period of hostilities, then the period of armistice, and then the period of full peace.

Mr. HUGHES said that this raised a serious question which required an explanation. It often happened that a long period supervened after a war before full peace was established. The United States, for example, had only reached a state of peace with Germany last July.

Mr. BALFOUR interjected that Great Britain was still at war with Turkey.

Mr. HUGHES, continuing, said he had known cases where technical peace had only been restored after about twenty years, *and there were cases where peace had never been formally restored.* For a Power to keep the right to suspend the Treaty until final peace was reached, with replacements continuing all the time, would be to destroy the agreement. Of course if there were a renewal of hostilities, a Power which had reverted to the agreement on the close of the original hostilities would be free again. Sometimes, however, a Power only, so to speak, glided into peace. This would make the wording proposed by Senator Schanzer unacceptable.

M. SARRAUT said there was force in both contentions. Mr. Hughes' point was very strong, but there was something to be said for Senator Schanzer's. The aim should be to prevent a Power from abusing the period which intervened between the cessation of hostilities and the technical peace in order to violate the agreement and build ships. On the other hand, supposing an armistice did not lead to peace and hostilities were to break out again, a Power which had reverted to the agreement would be placed at a great disadvantage.

Mr. HUGHES said there was no way of compelling a Power to accept a Treaty except by force, but all the nations here represented were honourable nations, and it might be assumed that they would ~~not abuse~~ *respect* the Treaty *whatever its terms.* It was very important, however, to get the idea of the need to observe the Treaty into the document itself, in order to obtain the sanction of the conscience of nations, which was the real guarantee of the Treaty. *While* Each nation must decide for itself when it was safe for it to revert to the Treaty, *yet there must be some provision providing for the reimposition of the Treaty restrictions at the end of hostilities.* History, however, showed that a long period often elapsed after a war before technical peace was re-established, *and therefore the reimposition of the Treaty restrictions ought not necessarily to*

await a status of technical peace. If hostilities were resumed, then the Power would be free again.

Senator SCHANZER said he did not object, but he would like to suggest that in the last sentence the words "re-establishment of peace" should be deleted and that the following should be substituted:—"termination of hostilities."

Mr. Balfour suggested the phrase actual hostilities.

Mr. HUGHES agreed to ~~this~~ *Senator Schanzer's suggestion, and explained his view that hostilities must be real, not mere skirmishes with some discontented tribe, for example.* The real protection, however, was that the Power which was drawn into a war informed the other Powers that a state of emergency had arisen. He agreed with Senator Schanzer, however, to put in the words "termination of hostilities" in the last paragraph.

Mr. BALFOUR said he was entirely of the opinion of his colleagues, but he was not quite sure that the idea was satisfactorily carried out by the draft. It was satisfactory and adequate so far as the beginning of hostilities was concerned, but he was not so satisfied in regard to the period at the end of hostilities. There was often a period when real hostilities had ceased but when there was sniping and sharp-shooting, and hostilities of a secondary order. He was wondering whether the word "emergency" could be utilised.

Mr. Hughes stated that used in this connection the term "emergency" had a technical meaning in American statutes.

Mr. Balfour said "emergency" had no special colloquial meaning in England, though he was not sure whether it had a special legal meaning or not.

Mr. HUGHES ~~said~~ *further explained* that the use of the word "emergency" was open to the objection that it was used in America to describe a general condition as distinguished from actual war. "The continuance of emergency" was often used in America as a term defining the position right up to the end of a war. He had several thoughts. First, that whenever any Power was engaged in a war and wished to apply this Treaty it must be a real war. Second, that there must be the power of suspension for the period of hostilities. Third, that the emergency must have some relation to the real position. There might have been only some single incident, such as one bombardment, but this might be sufficient to make a Power know that it was on the brink of war. Fourth, as regards a state of hostilities, no Power could ever accept a position in which it was not free to take such action as it thought necessary. The Senate of the United States, for example, would never pass this Treaty unless the country was free in time of war. But on the question of giving notice, whether of the outbreak of emergency or the suspension of hostilities, there might

be room for a difference of opinion. A nation at war must decide for itself what the position was*; he did not see that other powers could pass upon this.* When a condition had been reached where it was patent that hostilities had ceased, his idea was that the Powers should meet in conference. He wanted to avoid a Power saying that no peace existed notwithstanding that hostilities had ceased, and continuing to build outside the provisions of the Treaty.

Mr. Balfour said Mr. Hughes had answered his objection.

Mr. Hughes, during the translation of his foregoing remarks into French, reinforced his explanation and argument to Mr. Balfour.

M. Sarraut said that under the French Constitution they had a formula which surmounted the inconvenience of the period between the conclusion of hostilities and the technical re-establishment of peace. This intermediate period was known as the " cessation of hostilities ". It was declared by Parliament, and it could not continue for more than a year after the war. This might perhaps be applied to the present case. It must be clear, however, that no action could be taken until hostilities had really ceased. No Parliament could sanction reversion to the Treaty unless there was no risk of war breaking out. For example, it could not agree to the demolition of a quantity of war material when there was a risk of war breaking out again.

Senator Schanzer pointed out a difference between the Italian and French position. In Italy the cessation of war was a juridical position and not one of fact. It was declared by Royal Decree, which was sometimes published a long time after the conclusion of peace. In these circumstances, as the procedure in the different countries varied, it would be better to adopt the American formula, which was based on fact.

Mr. Sarraut said he was prepared to accept Mr. Hughes formula, as it placed the nations on their honor and all were honorable nations.

Mr. Hughes proposed the adoption of the Clause as suggested by him, with the substitution in the last sentence of the words " on the cessation of hostilities " for the words " on the re-establishment of peace ".

(N. B. Mr. Hughes thought the word " cessation " better than " termination ".)

Mr. Balfour, referring *to the United States Senate's unwillingness to curtail its powers in war and* to the exclusion of Articles XIII and XVII, *sup*posed the position of a nation which found itself with a ship on the stocks, nearly finished, for a foreign Power. In such conditions a people would snatch at anything which would increase their force. What this Article compelled the parties to the Treaty to do, if they wished to use the slip, was to destroy the ship in order to put another ship on the stocks: that is to say, a country which wanted all the ships it could get would be asked to destroy a ship which was

nearly finished and to build another ship on the same slip. *He would not say that Article XVI was wrong, but it raised a serious difficulty.*

Mr. Hughes said that this was a case of competing considerations, and the question was which was the more important. The Powers represented here were all dealing fairly *and confidently* with one another, but they had to consider the effect on public opinion of what they decided. The whole of the Treaty was an enormous appeal for peace, which was producing a strong sentimental reaction. It was necessary to use hypothetical illustrations, but they must not be considered as reflecting on any particular country. *If a power may have within its jurisdiction, vessels of war of which it may rightfully avail itself under the Treaty, if you have this general situation in connection with an ability and a right to build ships for others, then you have a situation where certain powers might always have available fleets very much larger than the Treaty ostensibly provides. The people will resent this.* Supposing a Power had a ship under construction, a vessel of war, whether a capital ship or otherwise, which might at a certain moment be available, there would undoubtedly be a great temptation for that Power to use the ship; but as the ship was being produced at the expense of another Power and for another Power it would be very dishonourable for the State to use it if it had promised not to do so. He had great confidence that if this Article were not put into the Treaty there would be room for a great deal of criticism that the object of the Treaty was not being carried out, and he was equally confident that if it was inserted in the Treaty this Article would be carried out. As regards the actual position, the ship would either be ready for launching or only just begun, or at some intermediate stage. The question would only arise where it was in a state where it could not be moved. It seemed to him, however, to be very important that there should be no power to use the ship in view of the number of ships which nations like Great Britain and the United States, for example, might be building for other nations.

M. Sarraut said he had one question to ask, though perhaps he would be accused of splitting hairs. Supposing a Power had under construction a ship for another Power with which it went to war, would it be obliged to deliver the ship to its enemy?

Mr. Hughes said that this was a simple matter, as the Power constructing the ship would capture the ship under construction and seize it as a belligerent.

M. Sarraut said in that case that Power would be able to use it.

Mr. Hughes replied in the affirmative. No-one ever handed over property to an enemy. His main point was that we were in a position where it was essential to make good what had been promised to the world, and that, to use a colloquial expression, no-one should

"discover a joker". There was much cynicism in the world, and many people were trying to criticise this Treaty. He thought, therefore, that even more important than the actual scrapping of ships was the development of a right sentiment in the world. If the Powers were to give the impression that the whole thing was a mockery it would fail.

Mr. BALFOUR said that he personally was of Mr. Hughes' opinion. He thought that he had perhaps exaggerated the inconvenience to a Power in the case where a ship being constructed for another State was either complete, nearly complete or easily moved. He sympathised, however, with Mr. Hughes' broad argument. It was vital that the Treaty should be regarded as genuine and water-tight. *While this might be difficult, it must be done.* Hence, so far as he was concerned, though the present Article might present difficulties for a belligerent, he thought it would be a grave mistake to present the Treaty in a form which might lead to hostile criticism. It might be said: "This looks well on paper, but the Powers possessing great means of naval construction have been very careful to leave themselves a loophole for increasing their naval power". Great Britain being, with the United States, perhaps the principal of such Powers, would be open to this criticism. He therefore accepted Mr. Hughes' view that any possible loophole must be closed, and that a limitation must be placed concerning shipbuilding for other Powers. The provision in this respect must be honest, and of a kind that could not be ignored in an emergency by any Power, and least of all by those Powers possessing capacity for naval construction.

Mr. HUGHES hoped that Article XXIII, with the slight amendment, namely, the substitution of "cessation of hostilities" for "re-establishment of peace", would be accepted as satisfactory.

M. SARRAUT accepted the Article in principle, subject to consultation with his experts in regard to the wording.

ARTICLE XXIV.

Article XXIV had been deleted on the previous day.

ARTICLE XXV.

The following draft was read by Mr. Hughes and adopted:—

"The present Treaty shall remain in force until 31st December, 1936, and in case none of the Contracting Powers shall have given notice two years before that date of its intention to terminate the Treaty, it shall continue in force until the expiration of two years from the date on which notice of termination shall be given by one of the Contracting Powers, whereupon the Treaty shall terminate as regards all the Contracting Powers. Such notice shall be communicated in writing to the Government of the United States, which shall immediately transmit a certified copy of the notification to the other Powers and inform them of the date on which it was received. The notice shall take effect on that date.

Within one year of the date of the receipt by the Government of the United States of a notice of termination by any Power, all the Contracting Powers shall meet in Conference."

ARTICLE XXVI.

Article XXVI had been adopted on the previous day.

ANNEX A.

Mr. HUGHES suggested that the reference to the tonnage of the ships should be cut out.

Mr. BALFOUR said that his technical advisers did not wish to do this for what seemed to be very good reasons. They said that in certain cases of replacement it was necessary to know the tonnage of the ships to be replaced. He understood that one provision of the replacement clauses was that if a ship was wrecked it could be replaced. In this event it was necessary that it should be replaced only by the same tonnage, and for this reason it was desirable to have a record in the Treaty of what the tonnage of the ship was.

Mr. HUGHES suggested then that it would be better to reduce the ships to the standard measurement.

Mr. BALFOUR said that he was informed that there were technical difficulties in making the necessary calculations.

Mr. HUGHES said that in these circumstances it would be better to keep the tonnage stated as it was.

This proposal was adopted.

Mr. HUGHES said that his advisers had suggested that the various passages of the text in Annex "A" between the several lists of ships should be deleted as they appeared elsewhere in the Treaty.

This point was reserved for consideration.

(The Committee adjourned at 1 p. m. until 3.30 p. m.)

WASHINGTON, *11 January, 1922.*

Disarmament Conference File No. 250/11 Secret

Memorandum by the Secretary to the British Empire Delegation of a Meeting of Heads of Delegations Held at the Pan American Union, January 11, 1922, 3:30 p. m.[6]

PRESENT:—

UNITED STATES OF AMERICA	THE BRITISH EMPIRE	FRANCE
Mr. Hughes	Mr. Balfour	M. Sarraut
Colonel Roosevelt	Admiral Sir Ernle Chatfield	Captain Frochot
Mr. J. R. Clark	Sir Maurice Hankey	M. Camerlynck (Interpreter)

[6] No agreed official minutes of this meeting were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

The file copy of this memorandum bears corrections by Mr. Clark. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*.

PRESENT—Continued

ITALY	JAPAN
Senator Schanzer	Baron Kato
Captain Ruspoli	Captain Uyeda
	Mr. Ichihashi (Interpreter)

The Heads of Delegations continued the discussion of the Naval Treaty at 3.30 p. m.

ARTICLE XXIII.

Referring to Mr. Hughes' draft, which had been accepted in principle at the morning meeting, Mr. BALFOUR *said his experts had confirmed his provisional approval and had* made a suggestion that towards the end of the second paragraph, the following words should be inserted after the word "suspend"—"for the period of hostilities".

This was adopted. The Article as finally approved is attached in Appendix I.[7]

ANNEX A.

Mr. BALFOUR recalled that at the end of the previous meeting, Mr. Hughes had proposed to omit the four paragraphs which appeared immediately after the *respective* tables of ships. He was told that in the first and second of these paragraphs there occurred phrases which did not appear elsewhere in the Treaty, namely, in the first case, the following:—

"The total tonnage to be retained by the United States Government will be 525,850 tons standard measurement."

and, in the second case:—

"The total tonnage to be retained by His Britannic Majesty's Government will be 562,950 tons standard measurement."

Mr. HUGHES said that in these circumstances it would be better to retain these paragraphs.

It was agreed:—To retain the whole of Annex A.

ANNEX B.

Paragraph 1 was adopted.

Paragraph 2 (a) and (b) were adopted.

Mr. HUGHES said, in regard to paragraph 2 (d), that it was of vital importance that nothing should be done which would tend to impair the moral value of the *whole* Treaty. No petty economies or fancied saving would compensate the destruction of the moral value. The whole matter of scrapping would be tested by the smallest ~~details~~ *thing that was done in that direction.* The whole of the sinking and scrapping and breaking up of ships would be ignored if anything were ~~done~~ *provided for* which could be ~~taken~~ *pointed to* as emasculat-

[7] Not found in Department files.

ing the Treaty *if it were carried out.* He then read paragraph 2 (d) as follows:—

"Converting the vessels to harbour use exclusively, or to naval auxiliary use. In such case the rules in paragraph 4 of this Annex must be previously complied with, except that not more than four guns of a calibre not in excess of 6-inches, and not more than four anti-aircraft guns, may be retained."

It is true that the rules of paragraph (4) do provide for dismantling; but inspection would be necessary to determine fact of compliance with the paragraph, and no machinery was provided for ascertaining this fact. The public would submit this clause to close inspection to see if it fully carried out the broad intentions of the Treaty. The effect of this Article enabled all ships to be converted to harbour use or auxiliary use—uses which require the closest inspection. The United States Delegation were certain that if this clause were adopted, you might as well tear up the Treaty. The United States were scrapping 330 million dollars' worth of property. *Sincerity of purpose is the thing the Treaty will be judged by.* The saving involved in this paragraph was so insignificant that in his view it was not worthy of consideration. Public opinion looked for further reductions in 15 years' time. If any reasonable grounds were left for an attack on the sincerity of the Treaty, the value of the whole thing would be destroyed. The United States Delegation were convinced of this. The world looked for something comparable to the destruction of the German fleet *at Scapa Flow* and would brook nothing which enabled these ships to be kept alive. *There was nothing in the mere economy of the situation that can justify this before the public.* ~~He hoped that all idea of~~ *The American delegation wished to eliminate the* keeping *of* these ships as harbour vessels or auxiliaries ~~would be eliminated.~~ *(After the foregoing was translated, Mr. Hughes continued)* There were always vessels available which could be used as *mere* harbour vessels and which were not touched by this Treaty. There were vessels growing old in the auxiliary classes. Some countries had already cut up ships in order to obtain the steel and sell it. The margin of saving involved in this clause was not very great and the United States Delegation had the greatest ~~moral~~ objection to it *as affecting the moral situation.* They were convinced that *if this provision were retained* the average man *of the street* would say that ~~it~~ *the Treaty* was a shame.

M. Sarraut said he had given the attention to the moral point urged by Mr. Hughes which it deserved *and grasped fully the import of his remarks*, but it seemed to him that the Chairman had answered his own argument by comparing the great sacrifices involved in the Treaty with the feeble economies which would result from the conservation of a certain number of ships for harbour use. It was quite true that statesmen had to be led to some extent by the opinion of the

man in the street, but if the latter could not be made to understand the extent of the sacrifices that was involved in this plan, it was no good trying to do anything. He agreed it was necessary to listen to public opinion, but he did not think it would be taken as a sham if a few ships were diverted to harbour use. It was essential that the Treaty should be ratified not only by public opinion, but also by Parliaments. To speak frankly, he must admit that there were a good many people who were not particularly pleased with this Treaty and were inclined to carp and to nag. This was the case in his country and probably elsewhere. He was not absolutely certain, therefore, that the Treaty would be popular, and it would be better not to let people have the excuse to say: Why have you not kept this or that ship? What was important was to keep well to the front the immensity of the sacrifice of 300,000 tons. If the situation in France and Italy were considered, each country only keeping 5 capital ships, it would not seem excessive that in addition they should retain a few old capital ships as colliers or oilers.

If the attention of public opinion were fastened on to the main point of the sacrifice, it would be unnecessary to haggle about small details of no great value.

The Treaty as it was appeared to him quite sufficient, and the man in the street had sufficient good sense to see this. It had been said that "Mr. Everybody has more sense than M. Voltaire". In short, the high purpose of the Treaty must be preserved, but it must be of such a character that it could be passed through Parliaments.

Mr. Hughes said it was true that the Treaty would be judged as a whole and mainly by the sacrifices that had been made. But under the Article now under consideration, no ship need be scrapped. Every ship indeed could be retained. In fact, all the ships could be kept when they were supposed to be scrapped, *and the Treaty would be judged by this one fact alone.*

Mr. Hughes then pointed out that the question would not arise for France or Italy for nine years. The question related rather to Japan, the United States and Great Britain who were faced with immediate scrapping.

He agreed that the man in the street was an intelligent fellow, but ~~he would resent it~~ if it were made possible to keep ships under the Treaty as harbour ships which were supposed to be scrapped, *the man in the street* ~~He~~ would say that *none would be scrapped and that* in this manner they were ~~really being~~ *in reality being saved to be* made available *immediately in case of war.*

Senator Schanzer said he understood the force of Mr. Hughes' argument, and so far as Italy was concerned he would not oppose the suppression of these provisions. He would, however, ask to keep

the ships for gunnery purposes under (f). He wished to have that kept in view.

Mr. HUGHES said that when the Committee came to discuss (f) he would say that it did not express the intention which *he understands* it was meant to express. *This appeared to relate to something that was to be done by a future conference. If some thing were really to be done at a future conference, why should anything be said here? But it further appeared that this was not quite the situation, which this provision was designed to cover and which did not relate at all to scrapping.* As regards (d), however, the proposal related to scrapping, and yet made it possible to avoid scrapping any ships, and in his opinion if (d) were ~~passed~~ *retained, so permitting ships to be thus saved under the Treaty provision* no ship in fact would be scrapped.

M. SARRAUT said that if Mr. Hughes' argument were envisaged in its absolute form, no doubt he was right. It was true that under various pretexts it would be permissible to keep all the capital ships. If Mr. Hughes really thought ~~that~~ *this* he himself was willing to withdraw his opposition to the deletion of the Articles. His desire was that the Treaty should be plain and concise. If these Articles would enable ships to be kept fraudulently, and if Mr. Hughes ~~had no doubts in regard to that~~ *felt that the capital ships would likely be retained*, he himself would withdraw his objection.

Mr. HUGHES said he had never meant to suggest that any nation signing this Treaty would be guilty of fraud, but the ships could, in fact, be kept without any fraud if this Article was retained.

Baron KATO said he had no objection to the deletion of Article (d).

Mr. BALFOUR said that all present must sympathise with the object Mr. Hughes had in view. If there was any possibility of keeping *all* ships now in existence or any possibility of re-converting them into ships of war, he agreed that this would lead to a great deal of misunderstanding. He himself would speak in regard to the special problem of the country he represented and which was the one most concerned. Since the Armistice Great Britain had scrapped no less than 1,400,000 tons of war ships. Some of the British harbours were still full of anti-torpedo craft, launches and so on, which could not be disposed of. The Government wished to get rid of them but was unable to do so. In addition to the 1,400,000 tons already scrapped Britain was now asked to scrap 16 Dreadnoughts. No other Power had the same problem. It was true that the United States had to scrap a number of unfinished ships.

Mr. HUGHES interpolated that America had to scrap 14 pre Dreadnoughts.

Mr. Balfour, continuing, said Great Britain had to scrap 16 Dreadnoughts. The result was great difficulty and loss. Mr. Hughes had truly said that there was a great difference between the petty economies involved in converting ships to harbour use and the great moral results of the Treaty, and it was clear if there were any conflict the former must be scrapped and the Treaty preserved. He believed, however, that Article (d) had originally been proposed by the United States Delegation.

Mr. Roosevelt said there was some great mistake here as the original proposal was not American.

Mr. Hughes said that if this were the case he would have even less feeling in scrapping it.

Admiral Chatfield read the original proposal of the American Delegation to show that it was the foundation of the present Article (d).

Mr. Hughes said that *whatever the original situation was and no matter who made the proposal* now the truth was the United States Delegation did not want to keep this Article.

Mr. Balfour said that it had only been a parenthetical remark. He pointed out that in Para. (c) it was proposed to convert war ships into merchant ships. If this were done the ships would actually be on service and could be re-constructed and put back into military service in time of war. He observed that Para. IV which was referred to in Article (c) laid down rules for removing the military value of ships converted into merchant ships, but, nevertheless, would leave the hull and engines intact. So long as these were left the ships could be re-converted into men of war.

Also he would observe that all the arguments in favour of converting the Lexingtons into aircraft carriers were relevant to the present case. So far as aircraft carriers were concerned, the original British proposal had been for a limit of 25,000 tons. The American Delegation amended this by raising it to 27,000 tons. Then they discovered—and he would be the last person to criticise this—that the Lexingtons might be used for conversion into aircraft carriers by cutting them down to 33,000 tons. Thus on grounds of economy they had raised the limit of aircraft carriers to first 27,000 and then to 33,000 tons. In these cases—and he was not so unreasonable to suppose that because economy was inapplicable in one case it was also inapplicable in other cases—In these cases, however, the United States Experts concerned had endeavoured to carry out the great programme before the Conference with a maximum of economy. Referring to Para. IV (b), Mr. Balfour pointed out that a vessel would lose its value as a ship of war when certain provisions had been complied with. He would

have thought that *much more complete destruction could have been provided for and that* a ship might be made *more* unfit for war by, for example, destroying the engines. It might be possible to have an International Commission which would inspect the Dreadnoughts of the United States of America, Great Britain and Japan and report whether they had been rendered useless as ships of war. He agreed, however, that if Article (d) left it even theoretically possible to retain all capital ships under disguise as harbour vessels, it must be drastically modified. He would only ask that before compelling the three Governments, and more especially the British Government, to give up economy, an endeavour should be made to discover whether some plan could not be evolved to get rid of these ships as capital ships without immediately throwing them on a market that was already gorged. He thought that if the Experts were to set to work with a genuine desire to destroy the value of these ships as men of war—and he agreed that this was asking a good deal of the Experts—they could do so. He must add this, that Admiral Chatfield told him that before the Conference two old British Dreadnoughts had been converted into Boys' Training Ships, *but he does not know the significance of this fact.*

Mr. Hughes said that in view of Mr. Balfour's conclusion, with which he felt much sympathy, it was unnecessary for him to go much into detail. He did not think there was any great divergence of view between them. He understood and appreciated the extent of the British scrapping. He gathered, however, that Great Britain was not in lack of auxiliary craft. She had at the present time many craft which it was difficult to dispose of and which were available as harbour craft. He supposed also that in so large a navy other craft were growing old which would be available. He also agreed that the provision for converting ships to commercial use would be better if omitted~~.~~, *because a*ll these provisions, ~~however, would have~~ *had* a cumulative effect. Hence, even if (c) were retained it would be still more important to omit (d). *But certain facts required careful consideration.* If a ship were converted to commercial uses it would have to be entirely reconstructed and would become valuable for peace but not for war. It would be quite different from a ship which had been designed for war purposes, *and which were retained in harbors and kept armed.* If he could be allowed to explain the extreme of his thoughts, it would be to take out the clause relating to conversion into merchant ships~~.~~ ~~If the~~, *for if that* clause were retained *and also the clause* in regard to the retention of ships for harbour and military duties, the idea would get about that there was no real intention to scrap ~~them~~ *any ship.* People would say this was a great stage play, but that when the schedules were exam-

ined it was found ~~the~~ *that all* ships were retained *and none scrapped.* Referring to Mr. Balfour's remarks on the conversion of the Lexington's [*sic*] into aircraft-carriers, he thought there must be some mistake in regard to the maximum tonnage of aircraft carriers. Colonel Roosevelt told him that the change from 25,000 to 27,000 maximum had been in order to provide for the conversion of British measurement into American measurement. He did not care much about this, however. What he regarded as the really important point related to the retention of two ships of 33,000 tons. In regard to that, he reminded Mr. Balfour that the United States was entitled to two aircraft-carriers. By the proposed change they would only get two ships of increased tonnage, instead of two other ships. Moreover, they were to be limited as regards their armament *in comparison with other aircraft carriers allowed by the Treaty.* If that were the point on which Mr. Balfour's objections to getting rid of paragraph (d) turned, he would be prepared to discuss ~~it~~ *the matter* with the American Delegation, *with a view to eliminating these Lexingtons.* His Delegation were most anxious not to agree to anything which would appear to emasculate the Treaty. He did not think, however, that the retention of the Lexington's affected the scrapping policy or the Treaty as a whole. If he understood aright, Great Britain desired to retain two ships. To this he had no objection, but he did not want the retention to apply to all the ships. If there were any way in which these ships could be kept without giving them the appearance of being retained as a reserve of capital ships, he would be glad to consider it. *But as the matter stood, the Treaty provision really provided for reconstructing a ship of war, and leaving it a ship of war for war use.*

Mr. Balfour said he was rather inclined to suggest that a clean sweep should be made of every ship which was not to be used as a capital ship. Let them all be destroyed. As Mr. Hughes pointed out, each new clause providing for retention made matters worse, though it was true that to abolish one Article or another did not make matters equal between the Powers. For example, the American Delegation would like to turn warships into merchant ships. Great Britain had none suitable for this purpose. Here, therefore, America would obtain a pecuniary advantage which would not be applicable to Great Britain. The clause which enabled Great Britain to sell ships as old iron did not compensate for this, as there was no market. He would like Admiral Chatfield to say something on this subject.

Admiral Chatfield said that since the armistice Great Britain had scrapped over 3,000 ships. Lately they had decided to get rid of six Colossus Class battleships, but the only ones they had been able

to get rid of were two or three that had been sold to Germany under a contract.

Mr. HUGHES asked if Germany was not in the market for more? *This was the purport of his advices.*

Admiral CHATFIELD thought not.

Mr. HUGHES said his information was the other way, and that contracts were being proceeded with.

Admiral CHATFIELD said that advice given to the British Empire Delegation by the Admiralty was that the ships now to be scrapped could not be sold as scrap for five years. The Delegation had agreed to their retention for four years, with a possibility of an extension of one year, on the ground that there was no harm in keeping old hulks that had been rendered useless for any war purpose.

Mr. HUGHES said he was informed that the American Delegation did not specially desire the conversion of warships for commercial purposes. The suggestion had been made, and they had proposed to retain the right. That was all. He was not conscious of any advantage that would be gained thereby. He himself, therefore, would be willing to see paragraphs (c) and (d) disappear. What they had wished to retain was the airplane-carriers, ~~but (c) was of no account~~ *as they thought some money might be saved by this.*

Mr. BALFOUR said that he understood, therefore, that the American Delegation attached no value to the conversion of their Dreadnoughts into commercial vessels. Neither did the British. He asked whether the Japanese attached any importance to this?

Baron KATO nodded that he did not.

Mr. BALFOUR asked if it were not rather difficult to defend conversion of the Lexington's into aircraft-carriers when the British Government were not allowed to convert their old ships for harbour service?

Mr. HUGHES said he did not see the comparison. Conversion ~~for~~ *to* target purposes was different, but he did not see how airplane-carriers could be objected to. The American navy would only get what it was entitled to, and would obtain no advantage except the difference in tonnage. Moreover, the converted ships were to be limited in armament, ~~the same as~~ *even to a greater extent than* the 27,000-ton ships.

Mr. BALFOUR thought that there was some misconception. Mr. Hughes' point was that Great Britain, by retaining ships as harbour vessels, would keep ships which might be available as men-of-war, but ~~he~~ *Mr. Hughes* maintained that the Lexington's would obtain no advantage except that of an additional 5,000 tons. He would remark parenthetically that this in itself might be some advantage. The

British Government, however, did not contemplate that these old vessels for harbour service could be used as men-of-war. They only wanted to keep them as old iron until old iron should again become saleable.

Mr. HUGHES said his objection was that under the clause as drawn these old ships need never be disposed of. It was contended that ships could be scrapped in three ways:—(1) by sinking them, (2) by breaking them up, and (3) by keeping them. If they were kept, everybody would say that they were being kept as men-of-war, and the moral effect would be very great.

Mr. BALFOUR thought it was necessary to argue the question of the conversion of the Lexington's rather further.

Mr. HUGHES thought that Mr. Balfour was entitled to argue this if he wished, but he did not quite see the basis of his arguments. If Great Britain had some super-Hood's which were 90 per cent complete and were asked to scrap four ships to compensate for them, and if they were then to ask that they might retain them as aircraft-carriers, confining their armament to that of ships of smaller tonnage, and if America were to say "No, you must scrap them and begin all over again", then Great Britain would be in the same position as America was in now. He recalled that in view of the excessive tonnage of these ships it was proposed to limit the number of 8-inch guns to 8 instead of to 10, as in the other aircraft-carriers.

Mr. BALFOUR said he did not want to be drawn into what was essentially an expert question, but as he understood the matter the objection to the Lexington's was not to the armament but to the armour.

Colonel ROOSEVELT said that he had been late for this meeting because he had been with the Chief Constructor of the American Navy, who had told him that in order to bring the Lexington's down to 33,000 tons he could keep practically no armour except a small belt over the engines. These ships had originally been designed for 43,000 tons and then cut down to ~~35,000~~ *33,000* tons. They would only have the speed of an aircraft-carrier of 27,000 tons.

Mr. HUGHES said that, if Mr. Balfour wished, he was quite willing to raise the question of the Lexington's with the American Delegation. The Delegation were strongly opposed to anything in the Treaty which appeared to say one thing and actually said another, or which allowed ships to be retained which appeared to be scrapped.

Mr. BALFOUR said he hoped that Mr. Hughes did not think he objected to getting rid of paragraph (d).

Mr. HUGHES said that he had no particular desire to deprive Great Britain of harbour ships, but he wanted to avoid destroying the Treaty. *The point was the American Delegation was opposed to having the treaty seem to say one thing when meaning another. The sole consideration is to save the Treaty. So far as he personally was con-*

cerned, he would, if necessary, eliminate (c), (d), and the aircraft carriers to accomplish this. He therefore ~~recommended~~ *suggested for consideration* the deletion of paragraphs (c) and (d). If Mr. Balfour insisted as a condition that the Lexington's should not be converted into aircraft-carriers, he would take the matter up with his Delegation; or, even if Mr. Balfour did not make it a condition of deleting (c) and (d) but nevertheless would like the matter considered, he would take up the case of the Lexington's with the Delegation. *He would not for the sake of ten or twenty millions of dollars, spoil this Treaty. He would like to have Baron Kato's thoughts on the matter.*

Baron KATO said that originally his idea had been that if clause (d) were retained he would convert some of the old battleships into training ships. He was now convinced, after hearing Mr. Hughes' arguments, that (d) should be scrapped. As regards clause (c), namely, the conversion of warships for commercial purposes, he would have no objection to its exclusion, for as an expert he thought it would be very difficult to effect this conversion. As regards Japan's problem of scrapping, he did not anticipate any particular difficulty, *merely a question of time*, though he realised the great difficulties of Great Britain.

Mr. HUGHES asked how the question was left?

Senator SCHANZER repeated that so far as Italy was concerned the arguments of the Chairman appeared so important from a moral point of view that he was willing to suppress paragraphs (c) and (d).

M. SARRAUT said that the French Delegation was always affected by good arguments, and he was therefore ready to suppress the paragraphs in question. He thought, however, that paragraph (f) should be retained.

Mr. BALFOUR asked what the United States Navy would do about training-ships for boys? Great Britain had always used battleships as training-ships since the days of the old two-deckers.

Colonel ROOSEVELT said that the American Navy had training camps and used old cruisers. They considered a 10,000-ton cruiser just as good as a battleship for this purpose.

Mr. BALFOUR said he was prepared to agree that it should be made impossible, and obviously impossible, to use ships which were designated for scrapping, for any warlike purpose whatsoever. Beyond that he could not go without reference home. He thought it was only fair to consult the Admiralty, as they had two Dreadnought's employed as training-ships. He agreed that these ships must not be available, even colourably, as warships in reserve. He would like, however, to have the right to retain as boys' training-ships the two vessels which had been devoted to that purpose before the Conference. He had to admit that the proposal to convert the Lexington's

into aircraft-carriers was disliked by the Admiralty and would not be favourably received by public opinion in Great Britain. The effect was that it gave to America two ships with which Great Britain had nothing to compare in the way of speed, *which under the Treaty they never could equal*, and which could be equipped with very considerable armaments. So far as (c) was concerned he could not foresee any situation in which Great Britain would desire to convert warships into merchant ships, but so far as (d) was concerned he would like to have the right to retain the two training-ships.

Mr. HUGHES pointed out that paragraph (d) said nothing about training-ships or about limiting the number to two. It might be possible to scrap clause (d), but to give Great Britain the right to retain the two training-ships. As regards the Lexington's, Great Britain might convert some of her ships.

Admiral CHATFIELD said that the difficulty was that it was impossible to convert them at once. Great Britain had to scrape ships immediately, but would require a year to prepare for the conversion of two ships. They could not, for example, convert the super-Hood's at once. If Great Britain could build two ships with equal limitations to the Lexington's the position would be satisfactory.

Mr. HUGHES said he would be glad to take up the question of the Lexington's with his own Delegation. Their conversion into aircraft-carriers had not been his proposal. Nevertheless, he did not want to see money wasted. He did not want to be "penny wise and pound foolish". If Great Britain objected to the Lexington's, however, he would take the matter up with his Delegation. He did not want to throw money away when reasonable economy might be effected.

Mr. BALFOUR then handed to Mr. Hughes the following draft in regard to aircraft-carriers:—

"Any of the Contracting Powers may without increasing its total tonnage of aircraft carriers build not more than two such aircraft carriers each of a tonnage of not more than 33,000 tons, and for this purpose may convert any of their unfinished ships which would otherwise be scrapped."

Mr. HUGHES said he would take this question up with his Delegation. He himself felt very strongly about anything that would tend to disappoint world opinion; in fact, he would say that rather than disappoint world opinion it would be better that the attempt had never been made to reach this agreement. He would rather his Government spent a hundred million dollars than that the world should be disappointed.

Mr. BALFOUR agreed. He understood that what was desired was to cut out clauses (c) and (d). He thought it would be better to cut

these out. He was entirely agreed that with the possible exception of the retention of two training-ships there should be no pretext for retaining ships which were supposed to be scrapped. He would like, however, to communicate with the Admiralty about the training-ships.

Mr. HUGHES said that he himself would like to have a repetition of the Scapa Flow sinking. He himself was perfectly willing to adopt this course, and he believed in the end all the nations concerned would save money thereby in relieving themselves of the upkeep of these ships.

Mr. BALFOUR said that he would agree. He would like to take the whole of the ships out into the Atlantic and sink them.

PARAGRAPH (E).

Mr. HUGHES *apologized for talking so long and repeating so much, but it was a matter about which he himself, and the American Delegation felt very deeply. Continuing he* said he did not like the use of the word "permanent" in paragraph (e), and suggested the adoption of the word "exclusive".

This was accepted.

PARAGRAPH (F).

There was a short discussion on paragraph (f), *in the course of which Mr. Hughes again expressed his opinion that the paragraph failed to express just what was intended, and again stated his apprehension that the public would fear that under it no ships would be scrapped, but all kept till the next Conference.* . . . After which the Conference adjourned until 11 a. m. on the following morning, Thursday, January 12, 1922.

WASHINGTON, *January 11, 1922.*

Disarmament Conference File No. 250/12 Secret

Memorandum by the Secretary to the British Empire Delegation of a Meeting of Heads of Delegations Held at the Pan American Union, January 12, 1922, 11 a. m.[8]

PRESENT:—

UNITED STATES OF AMERICA	BRITISH EMPIRE	FRANCE
Mr. Hughes	Mr. Balfour	M. Sarraut
Colonel Roosevelt	Admiral Chatfield	Captain Frochot
Mr. J. R. Clark	Sir Maurice Hankey	M. Camerlynck (Interpreter)

[8] No agreed official minutes of this meeting were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.
The file copy of this memorandum bears corrections by Mr. Clark. Words which he crossed out are indicated by canceled type; words which he inserted are printed in *italics*.

PRESENT—Continued

ITALY	JAPAN
Senator Schanzer	Baron Kato
Commander Ruspoli	Admiral Kato
	Captain Uyeda
	Mr. Ichihashi (Interpreter)

DISCLOSURE OF CONFERENCE PROCEEDINGS.

Mr. BALFOUR said he was rather distressed at the Article which had appeared in the "New York Times" of the same morning to which his attention had been drawn and which contained the implication that the British Empire Delegation had opposed the proposals of the United States Delegation in regard to the scrapping of ships. Internal evidence of the article showed that the writer had had access to a good deal of information to which he ought not to have had access. Mr. Balfour handed Mr. Hughes a copy of the newspaper in question.

Mr. HUGHES said he had not seen this article before and he was very surprised to see it, first because the Treaty was supposed to be still a confidential matter—and actual paragraphs and Articles of the Treaty were referred to in the newspaper *in a manner that showed a minute understanding of the entire situation*; and secondly, because he himself, at a meeting with the representatives of the Press on the previous day, had actually refused to discuss the Treaty at all. In fact, he had said nothing at all except to his intimate advisers. *That this article should cover the work of the preceding afternoon was extraordinary. He hoped the Delegation would use the utmost care, as this was a matter of the greatest importance.*

Colonel ROOSEVELT said that he had not seen even his own naval experts since the previous day.

Mr. HUGHES said he felt particularly distressed about the matter. It looked as though someone had succeeded in obtaining the form of the draft Treaty. He himself had said that he would not discuss the matter until it could be released to the Press. The references to the proceedings of the previous afternoon in the newspaper were very extraordinary. He could only express the hope that the various Delegations would use the utmost care about discussing these matters even with their own entourage. This was a matter of very great importance. Further, he felt distressed because some of the references would almost seem to reflect on himself, whereas, as a matter of fact, until this morning, when he saw the President of the United States and his own Delegation, he had not said a word about the matter, *not even to the Under-Secretary of State.*

Senator SCHANZER said he had been surprised two or three days ago to see a column in the "Washington Post" giving the general

purport of the Treaty. *He said his Delegation did not see the newspaper men.*

M. SARRAUT said that the journalists in Washington were very well informed, though he had no idea where they obtained their information. On the previous evening, when he had received the Press, he could see plainly from some of the questions that were asked, that the Press representatives knew a great deal about the scrapping arrangement and also knew about the Annexes of the Treaty.

Senator SCHANZER said he had told nothing to anyone. He had constantly been asked for information regarding the meetings and had always refused to give it.

Mr. HUGHES, reading from a note passed to him by Mr. Balfour, said that he was informed that on the previous day, the "Washington Post" had mentioned the preamble to the Treaty, before it had even come before the Committee. This seemed very extraordinary, more particularly as the physical limitations of time would themselves handicap most of the Delegates in giving information to the Press. *He said he regretted the incident; that being acquainted with the way in which such matters were developed, he always refused to say anything at all about a matter that could not be fully discussed.*

ANNEX B. PARAS. 2 (A), (B), (C) AND (D).

The discussion was then renewed in regard to Annex B.

Mr. HUGHES said that the present proposal was that (a) and (b) should be retained and that (c) and (d) should be struck out. In (e), for the word "permanent" it was proposed to put "exclusive". He asked if these changes were agreed to.

Mr. BALFOUR said that, so far as he was concerned, they were agreed to.

Baron KATO agreed.

M. SARRAUT agreed.

Senator SCHANZER agreed.

The retention of (a) and (b) was agreed to.

The elimination of (c) and (d) was agreed to.

(e) was agreed to with the substitution of the word "exclusive" for the word "permanent".

ANNEX B PARA. 2 (F).

Mr. HUGHES read the provision as follows:

"Converting certain capital ships which are designated for scrapping under Article III, to seagoing gunnery training ships, as may be decided at a future conference."

This provision seemed to imply the reference of the matter covered thereby to a future conference; if this was the intent of the para-

graph, he felt it was not clearly presented by the language quoted. Under the circumstances, two questions arose:—

(1) Why insert any reference to the matter at all, if it were something that was to be decided by some subsequent conference.
(2) The provision was seemingly out of place in Annex B, because the postponement of a question for decision by future conference did not appear to be in any way connected with the proposition of scrapping vessels.

The chief difficulty with the paragraph was that it permitted in its present form any power to retain all of its capital ships pending this future conference referred to, which, when it convened, was to decide upon the question of the transformation of the capital ships into "seagoing gunnery training ships."

Senator SCHANZER said he did not wish to discuss the form of the provision, but the substance, and he would ask that this might be retained in the Treaty. The question was one of great importance to Italy, but solely from an economic point of view. Italy had no ships to scrap at present, but in 1931, when they reached the period of scrapping, they would wish to keep two old ships as seagoing gunnery ships. He wished to emphasise that his reason was purely economic, in order to save his country from having to build new gunnery ships. He pointed out that other provisions in the second Annex would enable the United States of America and Great Britain to retain certain ships. He had no military object in asking for this, but only economic reasons.

Mr. HUGHES asked which ships Italy wished to retain.

Commander RUSPOLI said that at the present time Italy had ten battle-ships and three armoured cruisers. Of these 13 ships, two were used as gunnery vessels. In 1931, Italy would only have five capital ships. If two were used as gunnery ships, she would only have a squadron of three. Of these ships, the Dante Alighieri even now possessed little military value and Italy would like to retain two old ships, with a guarantee that they would not be converted into war ships, *but on the contrary they would be dismantled and made unfit for belligerent use.*

Mr. BALFOUR said that he understood what Italy and France required was that when the next Conference occurred, they should have the right to raise this question and that this right should be recognised at the present time.

Senator SCHANZER said they would prefer to settle the question now. Just as in other parts of the Annex there were provisions in regard to aircraft carriers, so he asked now that France and Italy should have the right when the scrapping period was reached, to retain two old ships for gunnery purposes.

Mr. BALFOUR asked for information as to what was intended by the words at the end of this Article—"as may be decided at a future Conference"?

M. SARRAUT said he could give an explanation of the origin of the phrase, which, he agreed, really meant nothing at all. Originally, paragraph (f) was inserted for the special reasons given by France and Italy, and which Senator Schanzer had clearly set forth. The Committee of experts had considered the reasons why France and Italy wished to retain these two ships as gunnery ships. Their extreme weakness as capital ships had been pointed out and it had been explained that if two ships were taken out of the total number of five, for purposes of gunnery training, the navies of France and Italy would be ridiculously weak. It had been considered that France and Italy should have the ships for their special purposes. Then every other nation had asked to have the same privilege. This led to the present text being drafted, which remitted the solution to the next conference, which really meant nothing at all, since the question was an immediate question which ought to be dealt with now. It seemed natural that France and Italy should be allowed to retain these ships as gunnery ships. They only required to keep two very old ships for purposes of gunnery training. There was no question of military value, for these ships were practically worthless as fighting machines.

Mr. HUGHES said he gathered that the experts really had never reached a conclusion and had remitted the matter to a further conference. He also gathered that the real point was that in nine years' time, when France and Italy reached the period of scrapping, they would require two old ships for gunnery training. If the matter was to be discussed properly, it would be better to consider the real proposition and not the suggestion in the draft paragraph (f). He made the suggestion that the French and Italian Delegations should put forward a regular proposition, giving the names of the ships, when they wished to retain them, and under what conditions. He asked if the Italian Delegation could answer these questions immediately.

Commander RUSPOLI said that Italy would wish to retain the Dante Alighieri and a ship of the type of the Leonardo da Vinci, or the Guilio Caesare.[9]

Mr. Hughes asked what it was proposed to do to make them harmless as fighting ships.

Commander Ruspoli said this was to be settled by a future conference. The original idea had been to render these ships useless for fighting purposes by taking out half or a third of their boilers. The French Delegation had thought that for training purposes it

[9] Should read "Giulio Cesare."

was necessary for the ships to retain their speed. The idea of the Italian Delegation had been that they possessed gunnery ships at the present time and they ought to have the same right in 1931 when they reached the scrapping period.

Mr. HUGHES asked what were the ideas of the French Delegation, *and could they state what ships they desired to retain.*

M. SARRAUT said he thought he could take upon himself to indicate that France would desire to retain two ships of the Jean Bart class, but he would prefer to consult Admiral de Bon both on this point and on the subject of the guarantees to render the ships unfit for military purposes. Although, therefore, he could not answer the questions definitely to-day, he thought that no difficulty would arise. *They had not discussed the matter in detail because the matter was so simple they had not thought it could give rise to discussion here.*

Mr. HUGHES gathered that the question for France and Italy might be decided at the present Conference, namely that in 1930 France should have the right to retain two ships of the Jean Bart class, which instead of being scrapped might be kept for the purpose of gunnery training ships, with perhaps the power of substituting some other ships later on. In the case of Italy whose scrapping commenced in 1931, the Dante Aleghieri [10] and three years later a ship of the Giulio Cesare or Leonardo da Vinci classes would be retained for gunnery purposes instead of being scrapped. Conditions would be prescribed providing for rendering these ships useless for fighting purposes.

Senator SCHANZER said that the real question was to know if the Delegations of the United States, Great Britain and Japan would accept in principle that France and Italy should each keep two ships as gunnery training ships. If that principle was accepted, as he assumed it would be, it must be understood the ships were not to be kept for military purposes but only to avoid building new ships as gunnery training schools. If his colleagues were disposed to accept the French and Italian proposal, the two Delegations concerned could prepare a definite proposal for consideration at the next Meeting.

Mr. BALFOUR said he certainly did not raise any objection to a scheme on the basis sketched out by Senator Schanzer. He thought, however, it should be clear on the face of the document that these ships were retained by France and Italy for special reasons peculiar to these countries, and that ~~another~~ *nothing* should be inserted which could ~~not~~ be distorted to convey the impression that a secret arrangement had been arrived at between the Powers, enabling ships to be

[10] Should read "Dante Alighieri."

retained which nominally were to be scrapped. If in addition to this and to their age which itself rendered them of little use for fighting purposes, the ships were disarmed for general purposes, there ought to be no public misapprehension that this provision contravened the principles at which the Conference was aiming.

Senator SCHANZER said that after all the treatment asked for by France and Italy was not so very exceptional. He pointed out that Article III (a) of the Annex provided for ships being retained for conversion into aircraft carriers. This was merely an application of the same principle.

Mr. HUGHES said that he would come to that later, but he must demur to the idea that the principle was ~~to save~~ *the same.*

Baron KATO agreed with Mr. Balfour as to the conditions in which France and Italy should be given this privilege.

Mr. HUGHES summed up by stating that he understood that the French and Italian Delegations would bring in a proposal based on the following principles:—

(1) It was to be limited to France and Italy.

(2) It was to be limited to two old ships which were due for scrapping, *the same to be designated by class or by name.*

(3) The ships were to be rendered useless for fighting purposes.

Mr. Hughes' proposal was adopted.

ARTICLE III (A).

Mr. HUGHES read the draft article as follows:—

"A number of capital ships, completed or laid down, not to exceed two for each Contracting Power may be considered as scrapped as capital ships when converted to aircraft carriers, provided that the total tonnage displacement of each capital ship when converted to an aircraft carrier shall not exceed 33,000 tons standard displacement; that the number of guns with a calibre in excess of six inches (152 millimetres) to be carried on such aircraft carriers shall not exceed eight; that this tonnage shall be counted in the total tonnage limit of aircraft carriers for a Power converting such capital ships; and that future replacements shall not exceed 27,000 tons standard displacement for any aircraft carrier."

Mr. HUGHES then suggested the following addition in the above clause, after the words "six inches (152 millimetres)",

"but not to exceed 8 inches (203 millimetres)".

He then proceeded to discuss the reasons why the principles which had been applied in paragraph II (f) to the gunnery ships required in France and Italy did not also apply to this case. He explained that each of the Powers was entitled to a certain tonnage in aircraft carriers, namely, the United States of America and Great Britain to 135,000 tons, Japan 81,000 tons, France and Italy 60,000 tons *each. Therefore the Powers start with the right to aircraft carriers.* The

countries could each divide their tonnage within these limits as they saw fit. Thus, if the United States wanted to build two ships of 33,000 tons, which was allowed by this paragraph, she would be using 66,000 tons, which of course would be taken out of her total tonnage limit of 135,000 tons. The further aircraft carriers that she wished to build would have to be taken out of the residue of 69,000 tons. *It was not proposed to allow any excess tonnage on this account.* The number of guns in the 33,000-ton ships was also to be limited to eight, whereas ten were allowed in the case of the other aircraft carriers. The point he wished to make was that the only advantage obtained was not in the number of aircraft carriers, or in the total tonnage, but merely in the individual tonnage of the two ships. It was simply a case of reasonable economy being obtained by adapting existing ships. The proposal did not affect the principle of the scheme; it merely provided that the American Navy, by altering the design, could use these particular ships. If the United States Government did not avail themselves of this advantage they could build two new ships of 27,000 tons and thereby save 12,000 tons of their total for other ships. The only advantage in fact was that the United States of America would be able to build these two 33,000-ton ships. *If this provision was not made, it would be necessary to destroy these two ships and then begin immediately to build two others.* Moreover, the proposal was not limited to the United States of America. The question was whether tonnage which had been constructed and nearly completed should be thrown away or not. The same principle applied to Japan, and Great Britain could also adopt the plan if she wished. The United States had no desire to obtain any advantage for themselves in the matter.

Mr. Sarraut said the position of Mr. Hughes was perfectly logical and reasonable.

Mr. Schanzer agreed with Mr. Sarraut.

Mr. Balfour said that Mr. Hughes had put his point with perfect clarity of view, and had shown that this scheme was in the interests of economy for the United States or any other Government which chose to make use of it. He also gathered that the view was that all the Powers should be treated with equal measure. He did not think, however, that it would work out quite equally. He did not profess to know how Japan was affected. For all he knew she might be building some ships equivalent to the Lexington's which could be converted into aircraft carriers. Great Britain, however, had no such ship. It was true that Mr. Hughes seemed to have contemplated that Great Britain would have the right to convert the super-Hood's, for which material had been collected, into aircraft carriers similar to the Lexington's. He was afraid, however, that

this could not be done. Under the Scrapping Rules the material could not be kept collected together for five years when Great Britain might wish to construct a ship of this kind.

Mr. HUGHES asked why she should delay for five years?

Mr. BALFOUR said that Great Britain might not desire to build immediately.

Mr. HUGHES pointed out that Great Britain already possessed five aircraft carriers, ~~which~~ *while* America had ~~not~~ *only one.* Great Britain's reason for postponing building was because she wished to.

Mr. BALFOUR admitted that this was a fair criticism, and the point had escaped his mind. He asked whether Mr. Hughes would have any objection to generalising the paragraph.

Mr. Hughes asked if Mr. Balfour had his proposal framed. ~~He~~ *Mr. Balfour* then read the following draft:—

Any of the Contracting Powers may without increasing its total tonnage of aircraft carriers build not more than two such aircraft carriers each of a tonnage of not more than 33,000 tons, and for this purpose may convert any of their unfinished ships which would otherwise be scrapped.

The restrictions on armament contained in Article X will apply to such aircraft carriers with the further restriction that the number of guns with a calibre in excess of 6 inches (152 millimetres) to be carried shall not exceed eight.

Mr. HUGHES asked whether ~~it would~~ *he might make a suggestion; he saw no objection in principle but would it* not be better to put this paragraph in the main part of the Treaty and not include it among the exceptions to the Scrapping Rules? It might be put, for instance, in paragraph VII[11] as a separate paragraph. *It might also be well to insert something to show the provision was inserted for the sake of economy.* Later, however, he suggested it would really appear better in Article IX of the Treaty. He said he would be prepared to bring up an Article based on Mr. Balfour's principle on the following day.

M. SARRAUT observed that if two aircraft carriers of 33,000 tons were authorised, the tonnage of France must be increased from 60,000 tons to 66,000 tons (it would seem M. Sarraut must have meant 72,000 tons) in order to allow the French to build similar ships. This would be necessary as a matter of symmetry.

Mr. HUGHES asked if France wished to build two such ships.

M. SARRAUT replied that he did not know.

Mr. HUGHES again explained that this arrangement was merely an arrangement within the tonnage limitation already agreed to by the Powers. He said that at the time this agreement was reached,

[11] i. e., art. VII.

Admiral de Bon had voiced his satisfaction with 60,000 tons and Italy had previously indicated her satisfaction with 54,000 tons which had been raised to 60,000 tons in order to place her upon an equal footing with France; that therefore, there appeared to him no reason why the mere fact that a part of the tonnage allotted to the United States was to be consumed in the building of two ships of exceptionally large tonnage should have any effect whatever to the total tonnage allotments already agreed to.

M. SARRAUT seemed to have some difficulty with reference to the number of vessels.

Mr. HUGHES pointed out that only two vessels of this type were contemplated. He suggested that if the proposal were accepted in principle, then they should strike the provision out as paragraph 3A and insert it in the main document.

(The proposal was agreed to in principle.)

PARAGRAPH III (B).

Mr. HUGHES read paragraph III (b), as follows:—

Not more than one completed capital ship for each Contracting Power may be considered as having been scrapped when it has been converted to a ship designated solely for turret training instruction. This converted ship shall conform to all the provisions of Annex B, paragraph IV, except sub-paragraph 3, and sub-paragraphs 1 and 2, in so far that not more than two turrets with their guns and all working parts either hydraulic or electric, together with all fire control tops, may be retained.

Mr. HUGHES said this appeared to him to be giving the right *to* retain the capital ship *and so fell within the principles that underlay the provisions as to harbor ships and as to the conversion of ships for commercial purposes. He thought it should go out.* He had, however, no knowledge of the genesis of the proposal, *and therefore spoke with entire impartiality.*

Baron KATO said he understood that this had been a Japanese proposal. When Japan reached a stage when she would possess nothing except her new ships she would no longer possess a vessel suited for turret training instruction. The Japanese proposal had been to retain one ship tied up in harbour and incapable of movement, and to utilise it solely for the purpose of turret training instruction.

Mr. HUGHES said that he was informed that in the American Navy no difficulty was found in employing regular ships for instruction in turret training, and he believed that the gunnery of the American Navy was fairly good. No difficulty was found in using ships for this purpose. The point was not one merely of the theoretical merit of the proposed training, ~~but~~ *for it* had a definite relation to the whole programme. He feared if the paragraph were retained it might be considered by the general public as a means of retaining an additional

capital ship. In the light of the former practice of navies, he felt sure that it would be interpreted even by intelligent men in this sense. The Conference had a great moral objective in view, and what he feared was that this might be taken as an infringement of it. *This was not a question of challenging the intention of any one, or suggesting a possible misuse, but merely of obviating a situation which could be the basis of a criticism that might be addressed to the bona fides of the Treaty itself.*

Baron KATO said that the method of training in Japan differed from that in the United States of America, and that was why he had felt the necessity to keep this vessel. However, if the public were likely to entertain doubts as to the good intentions of Japan in this matter he was willing to give it up. He hoped, however, that his statement was not susceptible of misinterpretation. Of course it would mean that Japan would have to change her method of turret training.

Mr. HUGHES expressed the highest appreciation of the spirit Baron Kato had shown. He hoped the Baron would not think that he himself could misinterpret *the purpose of the provision or* what ~~he~~ *Baron Kato* had said. He recalled, however, that the Treaty would be subjected to bitter criticism, no matter what it contained, and therefore special care ought to be exercised on each point, to ensure that it contained nothing which could *properly* bring into question the sincerity of its authors, or which could enable insincere people to convince sincere people that it was not genuine. Hence he felt especially grateful to Baron Kato.

Mr. BALFOUR said he was unable, in the absence of greater technical knowledge, to judge the magnitude of Japan's sacrifice, which he feared was not inconsiderable. The paragraph, however, did not apply to the British Navy, and he had no objection to its withdrawal.

The deletion of paragraph III (b) was adopted.

PARAGRAPHS IV (A) AND V.

Mr. HUGHES *pointed out the changes necessary in the headings, etc., as the result of the elimination of these paragraphs, and* then read paragraph IV (a) as follows:—

Subject to the special exceptions contained in paragraphs II and III, when a vessel is designated for scrapping, the first stage of scrapping, which consists in rendering a ship incapable of further warlike service, shall be immediately undertaken.

He said that this was a highly technical matter which he did not feel competent to discuss. It purported to deprive the warships of their fighting qualities. The matter had been exhaustively considered by experts, and though he was no judge himself he presumed they had prescribed what was necessary. The only point in the paragraph which occurred to him related to Mr. Balfour's suggestion of the previous day, that the engines should be removed. He pre-

sumed that the words "propelling machinery" in sub-paragraph 7 included engines.

Mr. Roosevelt said this had been the intention, but it was only right that the wording should be so clear that the general public could not misinterpret it.

Mr. Hughes said that he had also been impressed by the suggestion Mr. Balfour had made on the previous day for an International Commission, composed of one expert from each Naval Power, which should inspect the scrapped ships and report that they had been rendered unfit for fighting. He did not make this suggestion in order to cast the smallest doubt on the sincerity and good faith of all the Powers concerned, but merely to allay any possible public suspicion. Even before the Conference had been summoned some of the representatives of the public whom he had seen had said,—"How do you know that all this will be carried out?" He had constantly been interrogated as to how the Treaty would be enforced. The advantage of Mr. Balfour's proposal was its simplicity. Now that the Treaty had been so much simplified by the deletion of paragraphs II (c) and (d) of Annex "B", not more than five experts would be required, and arrangements could be made for substitution. *Only three powers were immediately concerned. If there were well grounded reasons against this proposal, they should be stated.* If no *sound* reason was given ~~against this proposal,~~ why *this proposal* should ~~it~~ not be carried out, *it ought to be adopted* in order to reassure the public in all nations?

Mr. Balfour recalled that the original scheme contemplated two stages in the destruction of vessels: first, an intermediate stage, during which the ship would be rendered useless for fighting purposes, and with which this clause dealt; and, second, the final stage, when the ship could be destroyed. From the point of view of economy the British Government preferred that plan, but undoubtedly it would be easier to carry out the scheme if the intermediate stage were abolished. Hence, he was in favour of the general principle of abolishing it. Moreover, he rather thought that Mr. Hughes had felt that the mere existence of an intermediate stage would destroy not the existence of the scheme but its moral effect in America, Europe and Japan. He had great sympathy with Mr. Hughes in this, but if the plan of immediately destroying ships were to prevail, then this clause should be omitted. This paragraph, therefore, was intimately connected with the following paragraph, V (a), which read as follows:—

In the case of vessels to be scrapped under the first paragraph of Article II of the present Treaty, the vessels shall be rendered incapable of further warlike service, in accordance with paragraph IV of this Annex, within fifteen months from the coming into force

of the Treaty, and the scrapping shall be finally effected within four years from such coming into force. Should any Contracting Power find that for economical or other reasons it cannot complete the scrapping within four years, the fact shall be represented to the other Contracting Powers and a further extent of time requested.

Mr. HUGHES said that paragraph IV (b) was not so important as it was before paragraph II (c) and (d) were struck out, but it was clear that the question of the stages had a primary relation to this paragraph. If the period for the eventual scrapping were reduced to 18 months, a great deal of this would be unnecessary. On the other hand, if there was a long intermediate stage before final scrapping was provided for, the paragraph was important.

Mr. Balfour said he was quite willing to shorten time. Mr. Hughes: This matter ~~only~~ affected *France and* Italy *only* remotely, as they had few ships to scrap, and these not for eight or nine years. The question of immediate scrapping, however, affected the other three Powers. Mr. Balfour was quite right in saying that the question of time must be discussed. Paragraph V (a) fixed the ultimate period at which scrapping was to take place. He himself disliked making this period so long as four years. The suggestion that a thing was not to be done until four years would be received with scepticism. *He did not like to bring this phase of the question repeatedly, but* People would say it would never be done at all, and a general impression to this effect would get about. There would be abundant opportunities for evading it. There might be *any number of situations arise in that time which would make nations wish to retain the ships; this would lead to negotiations and* exchanges of diplomatic notes, and people would say that there was no serious purpose to destroy the ships. His concrete suggestion would be to reduce the period of ultimate scrapping to 18 months, and to provide that within six months the value of the ships as capital ships must be destroyed.

Mr. Balfour asked if no intermediate stage was desired.

Mr. Hughes thought that if the provision was that fighting value should be destroyed in six months, and that scrapping should be completed in 18 months, there would be no trouble.

Mr. BALFOUR said that Great Britain would meet materially with considerable difficulty and perhaps with impossibility in scrapping and disposing of ships within 18 months. If the destruction were to be carried out in that way they would probably have to sink the ships. He asked how many ships America would have to destroy?

Colonel ROOSEVELT said they would probably also have to sink 15 ships.

Mr. BALFOUR asked about the ships under construction for America: was it considered easy to deal with them?

Colonel ROOSEVELT said that the emasculation of these ships was comparatively easy, but that the entire scrapping was not such an easy proposition.

Mr. Hughes said the United States would have thirty ships to scrap.

Mr. BALFOUR asked whether the following was a fair statement of a comparison between the British and American problem:—The number of finished ships to be scrapped was almost the same in both cases, namely, 16 British and 15 American, the difference being that the British ships were Dreadnoughts and the American pre-Dreadnoughts, which meant that the British tonnage was greater. On the other hand, Great Britain had no ships in process of construction to destroy, whereas America had 13. It sounded to him as though the sacrifice were about equal.

Colonel ROOSEVELT agreed that it was about fifty-fifty. Both countries would have their troubles in this matter.

Mr. HUGHES said the proposal was that in paragraph V (a) —*(b)?* the time within which the emasculation of the battleships must be provided for should be 6 months, and for the scrapping 18 months.

M. SARRAUT asked what was the cost of the demolition of a ship? He was only thinking of the question of lightening the expense. Would not the expense be increased by scrapping the ships within a very short period?

Colonel ROOSEVELT said it would cost nothing to sink a ship, *except the loss of the ship, and that as to the other method it was merely a question of what you could get for the material.*

Mr. HUGHES said that the real point was that no degree of economy which could be effected in the scrapping of ships, *important as that economy might be in itself*, ought to be allowed to interfere with the attainment of the real object of the Conference. If the time allowed for scrapping was very long, this fact would be used by the critics for bitter attacks ~~on~~ *upon and defeat of* the Treaty. In the light of this, the Conference could not afford to adopt any petty economies. The real and great economy was that the Powers would no longer be building and maintaining these great fleets. These other matters only involved very small savings. *But on the important question of time, something must be worked out which would bear public discussion.*

Baron KATO said that so far as Japan was concerned he thought the two processes of scrapping could be effected in 6 months and 18 months.

Mr. HUGHES expressed his personal appreciation of what Baron Kato had said.

Baron KATO added that perhaps this was due to the smallness of the scrapping to be done by Japan, but he recognized the difficulties which Great Britain had to encounter.

Mr. BALFOUR said that no doubt the British problem was much harder than that of Japan, but he thought Mr. Hughes' proposal was a good one, *and while the British loss would be considerable, personally he thought the plan a good one.* He felt, however, that he must revert to a *relatively* small point which he had mentioned on the previous day in connection with the two old Dreadnoughts, Colossus and Collingwood, which, before the present Conference had opened or was thought of, had been converted into boys' training ships. Formerly the boys under training used to be housed in an old three-decker. This ship, however, had fallen into disrepair, and eventually for hygienic reasons the boys had had to be removed. No barracks were available, and they were very costly to build, so that the Admiralty had taken the two oldest battleships and converted them into barracks. They were not used for training purposes but were merely floating barracks. If they were given up it would be difficult to know where to lodge the boys, as to build barracks would be very costly. He felt rather ashamed at having to raise such a detail, but the Conference would realise that this was a point which affected the Treasury as well as the Admiralty. The inconvenience of this matter, of course, ought not to weigh against the great issues which the Conference was endeavouring to settle. He was, however, bound to put this point. He did not want to discuss it now, as he had telegraphed home on the matter.

Mr. HUGHES asked whether, subject to this reservation, Mr. Balfour would accept his proposal to reduce the periods in paragraph V (a) to 18 months and 6 months?

Mr. BALFOUR agreed, subject to a reservation, until he had heard from his Government in regard to the Colossus and Collingwood.

Subject to Mr. Balfour's reserve, Paragraph V (a) was adopted, with the substitution of 6 months for 15 months, and one year and six months for 4 years.

Admiral Chatfield suggested that in view of the shortened terms for scrapping the naval attachés at the various capitals could gather the necessary information concerning the matter.

PARAGRAPH V (B).

Mr. HUGHES then read paragraph V (b) of Annex B, as follows:—

In the case of vessels to be scrapped under the second and third paragraphs of Article II, or under Article III of the present Treaty, the work of rendering the vessel incapable of further warlike service in accordance with paragraph IV of this Annex shall be commenced not later than the date of completion of its successor, and shall be finished within six months from the date of such completion. The

vessel shall be finally scrapped, in accordance with paragraph II of this Annex, within eighteen months from the date of completion of its successor.

This was adopted.

PARAGRAPH VI.

Mr. HUGHES read paragraph VI, as follows:—

Subject to the special exceptions contained in paragraph III of this Annex, no vessel which is to be scrapped under the present Treaty shall again be used as a vessel of war, or be restored so as to fit it for such use.

He thought that the first sentence, namely, "Subject to the special exceptions contained in paragraph III of this Annex" might be omitted.

M. SARRAUT pointed out that provision for this was already included in Article XIII of the Treaty, which reads as follows:

Subject to the exception contained in Annex B, paragraph III, no ship designated in the present Treaty to be scrapped may hereafter be reconverted into a vessel of war, nor may it carry guns in excess of four of calibre not exceeding six inches, and four anti-aircraft guns.

Mr. HUGHES recalled that he had reserved Article XIII until the discussion of the relevant Annex. He proposed to substitute for the first words of Article XIII the following:—

Subject to the exceptions in Article XIX,[12] no ship, etc.

Mr. HUGHES then said that he would bring forward an amended version of Article XIII.

ARTICLE X.

Senator SCHANZER asked to refer to the following redraft of Article X, which had been proposed by Mr. Balfour and adopted with the following addition suggested by himself at the end, "and guns not exceeding 4.6 inches":—

No aircraft carrier of any of the Contracting Powers shall carry a gun with a calibre in excess of 8 inches (203 millimetres). Without prejudice to the provisions of Annex B, paragraph III (a), if the armament carried includes guns exceeding 6 inches (152 millimetres) in calibre, the total number of guns carried shall not exceed ten. If, alternatively, the armament contains no guns exceeding 6 inches (152 millimetres) in calibre, the number of guns is not limited. In either case, the number of anti-aircraft guns and guns not exceeding 4.6 inches is not limited.

He asked to state that a technical mistake had been made in calculating the figures, and the amendment was intended to refer to guns of 4.7 inches.

Baron KATO said that he had intended to raise the same point.

[12] Apparently an error; this is article "IX" in signed treaty.

Senator Schanzer's amendment was accepted that in Article X as amended "4.7 inches" should be substituted for "4.6 inches".

ANNEX C.

Mr. HUGHES said the American Delegation had nothing to suggest until paragraph (f), which reads as follows:—

While this Treaty remains in force, in case of loss or accidental destruction of capital ships or aircraft carriers, they may be immediately replaced by new construction in conformity with the provisions of this Treaty.

He suggested the insertion of the following drafting addition to the last line but one, after the word "construction"—

"subject to the tonnage limits prescribed in Articles IV and VII and in conformity with the provisions of this Treaty".

This was accepted.

PARAGRAPHS (G) AND (H).

Mr. HUGHES read paragraphs (g) and (h), as follows:—

"(g) Reconstruction of capital ships and aircraft carriers shall be limited to providing new means of defence against air and submarine attack. The Contracting Powers may, for that purpose, equip existing tonnage with bulge or blister, or anti-air attack deck protection, provided the increase of displacement thus effected does not exceed 3,000 standard displacement tons (3,048 metric tons) for each ship. No alterations in side armour, in calibre, number, or general type of mounting of main armament shall be permitted except in the case of France and Italy, which countries within the limits allowed for bulge may increase their armour protection and the calibre of the guns now carried on their existing capital ships so as not to exceed 16 inches.

(h) Any capital ship or aircraft carrier allowed under the terms of the present Treaty upon which repairs or alterations may have been begun, or upon which money has been expended for such repair or alteration, on November 12, 1921, may complete such repair or alteration, but may undertake no additional repairs or alterations except as provided in the other paragraphs of this Annex".

He suggested to amend the first lines of (g) to read as follows:—

"No retained capital ships and aircraft carriers shall be reconstructed except for the purpose of providing means of defence against air and submarine attack, subject to the following rules".

This was adopted.

He suggested that the provisions of (h) were broad, he did not know how broad in fact; that apparently the idea was to cover one case only, and if this were true, he suggested redrafting.

Mr. BALFOUR then said he had an alteration to suggest for the elimination of paragraph (h) and the amendment of paragraph (g). He then handed in the following re-draft of the last part of paragraph (g) to replace the remainder of this paragraph and the whole of paragraph (h):—

"No alterations in side armor, in calibre, number or general type of mounting of main armament shall be permitted except (a) in the case of France and Italy, which countries within the limits allowed for bulge may increase their armor protetction and the calibre of the guns now carried on their existing capital ships so as not to exceed 16 inches. (b) The British Empire shall be permitted to complete, in the case of the Renown, the alterations to armor that have already been commenced but temporarily suspended".

Mr. HUGHES said that this change was agreeable to him. He understood that paragraph (h) had been put in solely in connection with the battleship Renown, and he thought ~~this~~ *it* was not very desirable *to cover that one case in the manner originally suggested.*

Mr. BALFOUR said that the reason for wanting to complete the alterations in the Renown was that these had been begun and all preparations had been made to complete them when the ship had been required to take the Prince of Wales to India and Japan.

It was agreed to suppress paragraph (h) and to adopt paragraph (g) in the following form:—

"No retained capital ships and aircraft carriers shall be reconstructed except for the purpose of providing means of defence against air and submarine attack, subject to the following rules. The Contracting Powers may for that purpose equip existing tonnage with bulge or blister or anti-air attack deck protection provided the increase of displacement thus effected does not exceed 3,000 standard displacement tons (3,048 metric tons) for each ship. No alterations in side armor, in calibre, number or general type of mounting of main armament shall be permitted except (a) in the case of France and Italy, which countries within the limits allowed for bulge may increase their armor protection and the calibre of the guns now carried on their existing capital ships so as not to exceed 16 inches. (b) The British Empire shall be permitted to complete, in the case of the Renown, the alterations to armor that have already been commenced but temporarily suspended."

PARAGRAPH III (F).

Reverting to paragraph III (f),[18] Admiral CHATFIELD said he had a small amendment to suggest relating to the replacement of a ship which had been wrecked, and its effect on the carrying out of the scheme. Supposing, for example, the United States Navy were to lose a ship such as the Florida or the Utah, they would be entitled to replace it at once with a new ship. When the time came for the normal replacement of the Utah or the Florida, if she had not been lost, of course they should not be permitted to build another ship in her place. Consequently he would propose the following addition at the end of Annex C, paragraph (f):—

"the regular replacement programme being deemed to be retarded correspondingly to the loss sustained".

[18] The paragraph referred to is paragraph (f) of annex C.

Mr. HUGHES pointed out that the word " advanced " should be put for " retarded ".

Admiral CHATFIELD agreed.

Annex C, paragraph (f) was adopted in the following form:—

" While this Treaty remains in force, in case of loss or accidental destruction of capital ships or aircraft carriers, they may be immediately replaced by new construction, subject to the tonnage limits prescribed in Articles IV and VII, in conformity with the other provisions of this Treaty, the regular replacement programme being deemed to be advanced correspondingly to the loss sustained ".

REPLACEMENT AND SCRAPPING PROGRAMME.

Mr. HUGHES said *that the tables were highly technical and he assumed the experts had seen to it that they were accurate; he would add* that the American Delegation had decided that in the list of United States ships to be scrapped they would put the names of the 13 ships building or projected.

ANNEX D.

Mr. HUGHES said that the American Delegation disliked the definition of a " vessel of war ", and thought it would be better to leave this to ordinary international law. They would like to say that a " fleet auxiliary " as here defined was removed from the concept of a " vessel of war " as used in this Treaty.

Mr. BALFOUR agreed with Mr. Hughes' amendment to remove the definition of a " vessel of war ", but suggested it was hardly necessary to retain the definition of a " fleet auxiliary ", *which was not otherwise used in the Treaty.* Such a vessel had not been defined before. The matter presented difficulties, and the word was not used in the present Treaty.

Mr. HUGHES said the point was that the term " a vessel of war " was used all through the Treaty, and it appeared necessary to state that " a vessel of war " did not include a " fleet auxiliary ".

Senator SCHANZER suggested that all the definitions should be omitted.

Mr. HUGHES thought this matter had better be left over, in view of the lateness of the hour. He understood that the following action was to be taken:—

> The French and Italian Delegations were to bring a fresh Article relating to the gunnery ships.
>
> A new Article embodying the proposals of Great Britain in regard to aircraft carriers would be brought forward.
>
> Great Britain reserved the question of the use of the old Dreadnoughts Colossus and Collingwood as boys' training ships.
>
> The definition of a " fleet auxiliary " had to be considered.

Most of the other amendments were a mere question of form. He thought, therefore, that during the afternoon a fresh draft of the

Treaty should be prepared, and he would take the liberty to suggest that the State Department should recast it in accordance with the instructions of the Committee.

M. SARRAUT asked when the Treaty would come before the full Naval Committee?

Mr. HUGHES thought it would be advisable to have one more reading of the draft by the present body.

Mr. BALFOUR said that his Legal Adviser, Mr. Malkin, had told him that there were a number of quite small points of language, not raising any question of principle, which ought to be attended to. He asked whether he should get Mr. Malkin to tabulate these and bring them to the meeting on the following day, or whether he should communicate them to the State Department?

Colonel ROOSEVELT said he thought Mr. Malkin had already communicated them.

Mr. HUGHES said that if Mr. Malkin would communicate his list the State Department would bear the alterations in mind in recasting the Treaty.

M. SARRAUT thought that if the revise of the Treaty could not be circulated in time to be considered before the meeting on the following day, the meeting might be postponed until the afternoon.

Mr. HUGHES thought it would be worth while to meet in the morning at 11 a. m. anyhow, in order to discuss the few outstanding points to which he had referred.

The Conference adjourned at 1–20 p. m., to meet on the following day, Friday, January 13, 1922, at 11 a. m.

WASHINGTON, *January 12, 1922.*

Disarmament Conference File No. 250/13 Secret

Memorandum by the Secretary to the British Empire Delegation of a Meeting of Heads of Delegations Held at the Pan American Union, January 13, 1922, 3 p. m.[13a]

PRESENT:—

THE UNITED STATES OF AMERICA	THE BRITISH EMPIRE	FRANCE
Mr. Hughes	Mr. Balfour	Admiral De Bon
Colonel Roosevelt	Rear-Admiral Chatfield	Captain Frochot
Mr. J. R. Clark	Mr. H. W. Malkin	M. Camerlynck (Interpreter)
	Sir Maurice Hankey	

ITALY	JAPAN
Senator Schanzer	Baron Kato
Captain Ruspoli	Captain Uyeda
	M. Ichihashi (Interpreter)

The Committee had before them a First Revise of the Draft Naval Treaty (Appendix.)

[13a] No agreed official minutes of this meeting were made. The American delegation used the memorandum prepared by Sir Maurice Hankey.

Mr. HUGHES said he had taken the liberty of circulating a fresh draft, *to show what had been accomplished.*[14] He wished, however, to call attention to the fact that Article XXII had not been correctly copied. He had therefore circulated a fresh draft. The best plan would be to take the Articles one by one, and to consider simultaneously with them certain drafting amendments that had been suggested by Mr. Malkin, of the British Delegation.

Mr. MALKIN then handed to Mr. Hughes a revised list of the drafting amendments he proposed.

Mr. HUGHES thought it advisable to examine even these drafting amendments in the Committee of Heads of Delegations. Verbal alterations often assumed great importance, and if it was merely left to the draughtsmen the work might have to be done all over again by the Heads of Delegations.

PREAMBLE.

The Preamble was accepted.

ARTICLE I.

Admiral DE BON proposed to alter the Article to read as follows, i. e., to add the words "reduce and":—

"The Contracting Parties agree to reduce and limit their respective naval armaments as provided in the present Treaty."

He pointed out that the armaments had been reduced a good deal.

Mr. BALFOUR pointed out that in some cases the limit had been increased; for example, in the case of aircraft carriers.

Mr. HUGHES said the word "limit" would provide for this.

Article I was therefore adopted in its original form.

ARTICLE II.

Mr. HUGHES said that Mr. Malkin had suggested as a slight amendment in the last paragraph to put the words in brackets "(35,560 metric tons)" after the words "35,000 tons", and to make corresponding alterations throughout the Treaty.

Captain RUSPOLI accepted this amendment, and pointed out that the words "standard displacement" referred to the metric tons just as much as to the other tons.

Mr. HUGHES questioned whether this was the case.

Admiral CHATFIELD said there was no doubt about it.

Mr. Malkin's amendment was adopted, and the words in brackets "(35,560 metric tons)" were inserted after "35,000 tons" instead of following the words "standard displacement".

It was agreed to delete the foot-note to Article II.

ARTICLE III.

Article III was adopted.

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[14] The words printed in *italics* were inserted on the file copy by Mr. Clark.

ARTICLE IV.

Mr. HUGHES asked whether the words "standard displacement" should not be inserted after the statements of tons for each country?

Admiral CHATFIELD pointed out that standard displacement was provided for in the second line.

Article IV was adopted.

ARTICLE V.

Mr. HUGHES drew attention to Mr. Malkin's suggestion to insert in the second line, before "constructed by", the following words: "acquired by, or constructed by".

This was accepted, and Article V was adopted in the following form:—

"No capital ship exceeding 35,000 tons, (35,560 metric tons) standard displacement shall be acquired by, or constructed by, for, or within the jurisdiction of, any of the Contracting Powers".

ARTICLES VI, VII AND VIII.

Articles VI, VII and VIII were adopted without amendment.

ARTICLE IX.

The following amendments, proposed by Mr. Malkin, were adopted:—

Lines 1 & 2: Move up the words in brackets, "(27,432 metric tons)" to fall between "27,000 tons" and "standard displacement". After "shall be" insert the words "acquired by, or" before the words "constructed by".

Line 7: After "35,000 [15] tons", put in brackets "(33,528 metric tons)".

Line 10: Delete the word "unfinished" and insert after the word "ships" the following:—"whether constructed or in course of construction".

Line 11: Delete the words "in such case" and begin a new paragraph as follows:—"The armament of any aircraft carriers exceeding 27,000 tons (27,432 metric tons) shall be in accordance with" etc., as before.

ARTICLE X.

Article X was adopted.

ARTICLE XI.

The following amendments were agreed to:—

Line 1 & 2: Move up the words in brackets, "(10,160 metric tons)" to come between "10,000 tons" and "standard displacement".

Line 3: After the words "shall be", insert "acquired by, or".

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[15] Should read "33,000".

As the result of a subsequent discussion in relation to the definition of "vessel of war" in Chapter II Part IV, an addition was made to the Article, which now reads as follows:—

"Article XI. No vessel of war exceeding 10,000 tons (10,160 metric tons) standard displacement, other than a capital ship or aircraft carrier, shall be acquired by, or constructed by, for, or within the jurisdiction of, any of the Contracting Powers, provided that vessels under Government control not specifically built as fighting ships, or taken under Government control for fighting purposes, which are employed on fleet duties or as troop transports or in any other way for the purpose of assisting in the prosecution of hostilities other than as fighting ships, shall not be within the limitation of this Article".

ARTICLE XII.

Admiral DE BON suggested to add at the end of this paragraph words to the following effect:—"Such dispositions do not concern merchant ships armed with guns".

Mr. HUGHES thought that this would raise difficult and controversial questions and lead to prolonged discussion. He recalled the difficulties at the Conference of London on this subject.[17]

Admiral DE BON withdrew his amendment.

Article XII was adopted in its original form.

ARTICLE XIII.

Article XIII was adopted as follows:—

"Except as provided in Article IX no ship designated in the present Treaty to be scrapped may be reconverted into a vessel of war".

(The words underlined have been added.)

ARTICLE XIV.

Article XIV was adopted.

ARTICLE XV.

The following addition was made at the end of the present Article, following a semi-colon:—

"provided, however, that the tonnage displacement for aircraft carriers so constructed shall in no case exceed 27,000 tons (27,432 metric tons) standard displacement".

ARTICLE XVI.

Article XVI was adopted.

ARTICLE XVII.

Article XVII, line 4: The following words, which had been omitted through a clerical error, were added at the beginning of this line:—"for any other Power", so that the whole Article reads as follows:—

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[17] For papers relating to the Conference of London, which was held Dec. 4, 1908–Feb. 26, 1909, see *Foreign Relations*, 1909, pp. 294–336.

"In the event of a Contracting Power being engaged in war, such Power shall not use as a vessel of war any vessel of war which may be under construction within its jurisdiction for any other Power or which may have been constructed within its jurisdiction for another Power and not delivered."

ARTICLE XVIII.

Article XVIII was adopted.

ARTICLE XIX.

Mr. HUGHES pointed out that this was awaiting Baron Kato's instructions from Japan.

ARTICLE XX.

An additional sentence was added at the end, after the words "Contracting Powers", on the suggestion of Mr. Malkin, so that the Article now reads as follows:—

"The rules for determining tonnage displacement prescribed in Chapter II, Part 5,[17a] shall apply to the ships of each of the Contracting Powers. The expression 'standard displacement' is used in the present Treaty in the sense defined in Chapter II, Part 5".

CHAPTER II, PART 1.

Mr. HUGHES said that the suggestion had again been made to him that the paragraphs between the lists of tonnage should be done away with. He wished to know what was the precise reason for retaining them.

Admiral CHATFIELD, to explain the point, said it was necessary to refer to the definition of "standard displacement" in Chapter II Part 4, where it was stated that "vessels now completed shall retain their present ratings of displacement tonnage in accordance with their national system of measurement". The paragraphs referred to were the only part of the Treaty where the total tonnage according to the national system of measurement was given. He thought, therefore, it was important to retain these paragraphs.

Mr. HUGHES agreed, and the proposal was accepted by the Committee.

The following amendments were adopted on the second page of Part 1:—

The short statement following the list of ships to be retained by France was amended as follows:—"France may lay down new tonnage in the years 1927, 1929, and 1931 as provided in Part 3 Section 2."

A corresponding alteration was made in the note following the list of ships to be retained by Italy.

Corrections were made in the spelling of the Italian capital ships.[18]

[17a] i. e., concluding paragraphs of chapter II, part 4.

[18] i. e., "Conti Di Cavour" was corrected to "Conte Di Cavour", and "Leonardo Di Vinci" to "Leonardo Da Vinci".

CHAPTER II, PART 2.

Mr. MALKIN suggested that in the third line the word " and " should be " or ".

Mr. HUGHES said that this was really a case of " and/or ", but he thought it would be better to stick to the word " and ".

This was agreed to.

PARAGRAPH I.

On the suggestion of Admiral DE BON, the following words were deleted:—before the word " combatant " delete the word " the ", and after the word " use " delete " for which it was originally designed ": so that Article I [19] reads as follows:—

"A vessel to be scrapped must be placed in such condition that it cannot be put to combatant use ".

PARAGRAPH II (C).

Line 2: For " paragraph IV " put " paragraph III ".

Line 5: Before the words " paragraph 7 " insert the word " except ".

Line 6: After the words " capital ship " delete the words " is to " and insert the word " may ".

PARAGRAPH II (D).

Mr. HUGHES read the following draft addition proposed by the French and Italian Delegations in accordance with the arrangement made on the previous day:—

" Out of the capital ships due for scrapping from the year 1931, France and Italy may each retain two sea-going vessels for training purposes (gunnery and torpedo school); the two vessels kept by France to be of the 'Jean Bart' Class, and for Italy one to be the 'Dante Alighieri', the other of the 'Giulio Cesare' Class. France and Italy undertake not to use those ships any more as vessels of war, their conning-towers having to be removed and destroyed ".

Mr. HUGHES then re-drafted the actual wording, and the Article was adopted in the following form:—

" Annex B [20] II (d). Of the capital ships which would otherwise be scrapped under this Treaty in or after the year 1931, France and Italy may each retain two sea-going vessels for training purposes exclusively, that is, as gunnery or torpedo schools; the two vessels retained by France shall be of the 'Jean Bart' Class, and of those retained by Italy one shall be the 'Dante Alighieri', the other of the 'Giulio Cesare' Class. On retaining these ships for the purpose above stated, France and Italy respectively undertake to remove and destroy the conning-towers of the said ships and not to reserve (?) [21] them as vessels of war ".

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[19] i. e., paragraph I.

[20] i. e., chapter II, part 2.

[21] Mr. Hughes may have said " preserve ". In the treaty as signed, p. 256, this passage reads " and not to use the said ships as vessels of war."

ANNEX B,[22] PARAGRAPH III (A).

Line 2: For " paragraph II " insert " Article IX ".

For " designated " put " due ".

PARAGRAPH III (B) (7).

At end, insert the word " and ".

Subject to the above amendments, Annex B,[22] Paragraph III was accepted.

ANNEX B,[22] PARAGRAPH IV (A).

The Article was slightly amended to read as follows, the words underlined being altered from the original:—

" In the case of vessels to be scrapped under the first paragraph of Article II of the present Treaty, the work of rendering the vessels incapable of further warlike service, in accordance with Paragraph IV [23] of this Part, shall be completed within six months from the coming into force of the Treaty, and the scrapping shall be finally effected within eighteen months from such coming into force ".

PARAGRAPH IV (B).

This was adopted.

PART III, SECTION 1 (A) (B).

Throughout this Article it was agreed that the metric tons should immediately follow the other tons, and that the words " standard displacement " should be substituted for " standard measurement ": that is to say, the second line should read as follows:—

" United States . . . . 525,000 tons (533,300 [24] metric tons) standard displacement ".

All the corresponding lines to be amended accordingly.

In (b), line I, the word " replacement " should be in the singular, instead of " replacements ". Last line: for " 82,295 metric tons " read " 82,296 metric tons ".

SECTION 1, PARAGRAPH (C).

Part III, Section 1, Paragraph (c) was amended slightly to read as follows, the altered words being underlined:—

" Capital ships and aircraft carriers twenty years after the date of their completion may, except as otherwise provided in the Tables in Section 2 of this Part, be replaced by new construction, but within the limits prescribed in paragraphs (a) and (b) of this Section. The keels of such new construction may, except as otherwise provided in the Tables in Section 2 of this Part, be laid down not earlier

[22] i. e., chapter II, part 2.

[23] The change from " paragraph III " to " paragraph IV " appears to be an error; the change was reversed in the treaty as signed, p. 257.

[24] Should read " 533,400."

than seventeen years from the date of completion of the tonnage to be replaced; provided, however, that no capital ship tonnage, with the exception of the ships referred to in the third paragraph of Article II in Chapter I, and the replacement tonnage specifically mentioned in Section 2 of this Part, shall be laid down until ten years from the date of the coming into force of this Treaty ".

PART III, SECTION 1 (D).

Part III, Section 1 (d) was adopted without amendment.

PART III, SECTION 1 (E).

Paragraph 4, the first line, should read:—" The standard displacement in tons and metric tons ".

Paragraph 5, the first two lines were amended to read as follows:—" The date of completion of each new ship and its standard displacement in tons and metric tons ".

PART III, SECTION 1 (F).

The following words at the beginning were omitted:—" While this Treaty remains in force "; and at the end the word " correspondingly " was deleted and the following words were inserted:—" to that extent ".

PART III, SECTION 1 (G).

This Article was amended to include certain suggestions made by Mr. Hughes and adopted on the previous day, and in addition certain minor alterations underlined were accepted:—

" No retained [25] capital ships or aircraft carriers shall be reconstructed except for the purpose of [25] providing means of defence against air and submarine attack, subject to the following rules.[25] The Contracting Powers may, for that purpose, equip existing tonnage with bulge or blister or anti-air-attack deck protection, provided the increase of displacement thus effected does not exceed 3,000 tons (3,048 metric tons)* displacement for each ship. No alterations in side armour, in calibre, number or general type of mounting of main armament shall be permitted except (a) in the case of France and Italy, which countries within the limits allowed for bulge may increase their armour protection and the calibre of the guns now carried on their existing capital ships so as not to exceed 16 inches (406 millimetres) and (b) the British Empire shall be permitted to complete, in the case of the Renown, the alterations to armour that have already been commenced but temporarily suspended ".

ANNEX B,[26] PART III, SECTION 2.

The Tables of Replacement and Scrapping of Capital Ships were adopted, subject to the following minor amendments:—

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[25] Although these words are underscored in this memorandum, the changes which they represent had been adopted on the previous day.

* The word " standard " was omitted here at the suggestion of Admiral De Bon. [Footnote in the original.]

[26] i. e., chapter II.

Table for France. In the last column, opposite "1930" after "1" put the following words, taken from the corresponding column in the Italian list:—"Within tonnage limitations".

In lieu of Notes 1 and 2, substitute a Note similar to that at the end of the Italian list, as follows:—

Note: France expressly reserves the right of employing the capital ship tonnage allotment as she may consider advisable; subject solely to the limitations that the displacement of individual ships should not surpass 35,000 tons, and the total capital ship tonnage should keep within the limits imposed by above Table.

This alteration was adopted on the suggestion of Admiral De Bon.

At the end of these Tables it was agreed to insert the following Note applicable to all the Tables:—

The order above prescribed in which ships are to be scrapped is in accordance with their age.

It is understood that when replacement begins according to the above Tables, the order of scrapping in the case of the ships of each of the Contracting Powers may be varied at its option, provided, however, that each Power shall scrap in each year the number of ships above stated.

The above Note, which was based on an earlier American draft, was substituted for a draft proposed by Admiral Chatfield, who explained that the object was to enable a Power to select for scrapping a ship of later type and to substitute it for the vessel specified in the list. For example, a ship of later type might have sustained some serious accident, and it might be more economical to scrap it and to retain the earlier vessel.

ANNEX B,[27] PART 4. DEFINITIONS.

The first paragraph was amended to read as follows:—

"For the purposes of the present Treaty, the following expressions are to be understood in the senses defined in this Part.

Vessel of War."

Mr. HUGHES said the American Delegation had wished to leave out the words "Vessel of War", and had substituted the paragraph in the Draft.

Mr. BALFOUR said that his experts wished to leave out the definition of "Fleet auxiliary".

Colonel ROOSEVELT said he thought it would be necessary to retain this, otherwise it might be found that a fleet auxiliary would be limited by the terms of the Treaty to 10,000 tons, and this was considered undesirable.

[27] i. e., chapter II.

Admiral CHATFIELD said that, so far as he could make out, a fleet auxiliary at the present time was not a vessel of war. The last attempt to reach an international definition of "Vessel of War" had been at the Hague Conference in 1907,[28] when Lord Reay[29] had proposed a definition of a "vessel of war". This had failed to be agreed on as he had included in his definition the question of conversion of ships on the high seas. Nor was agreement reached when the definition of "fleet auxiliaries" was proposed, owing to difficulties in connection with the question of "unneutral service". Suppose Great Britain were at war and wished to send a ship to bring oil from a neutral America, under the definition as proposed that oiler might be treated as a Fleet auxiliary and would not be allowed to enter a port, or, if so, only remain for 24 hours.

Colonel ROOSEVELT considered that the whole Article was governed by the first words, "For the purpose of this Treaty".

Admiral CHATFIELD pointed out that, even so, the adoption of a definition would have a very serious bearing on any future attempt to define a fleet auxiliary by international law.

Mr. HUGHES said that the American Delegation was very unwilling to attempt to define a "vessel of war". They had not wished, however, to get into the difficulty explained by Admiral Chatfield. They had only wished to extricate themselves from the application of the tonnage limit to fleet auxiliaries. To surmount the difficulty, he proposed to make an addition to Article XI. (See the alteration to Article XI referred to above.[30])

Admiral CHATFIELD suggested it might also be necessary to alter Articles XII and XIII.

Mr. MALKIN drew attention to Articles XVI and XVII.

Any amendments to these Articles, however, were considered unnecessary.

DEFINITION OF "STANDARD DISPLACEMENT".

The definition of "Standard Displacement" was amended, on the suggestion of Mr. Malkin, to read as follows:—

"The standard displacement of a ship is the displacement of the ship complete, fully manned, engined, and equipped ready for sea, including all armament and ammunition, equipment, outfit, provisions and fresh water for crew, miscellaneous stores and implements of every description that are intended to be carried in war, but without fuel or reserve feed water on board.

The word 'ton' in the present Treaty, except in the expression 'metric ton', shall be understood to mean a ton of 2,240 lbs. (1,016 kilos)."

The remainder of the definition was unaltered.

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[28] For papers relating to this Conference, see *Foreign Relations*, 1907, pt. 2, pp. 1099–1287.

[29] Member of the British delegation to the Hague Conference.

[30] *Ante*, p. 221.

CHAPTER III. MISCELLANEOUS PROVISIONS.

ARTICLE XXI.

The last line but one, after the word "changes", insert the words "if any", which had been omitted by clerical error.

ARTICLE XXII.

Mr. HUGHES explained that mistakes had been made in copying this article, which should read as follows:—

"Whenever any Contracting Power shall become engaged in a war which in its opinion affects the naval defence of its national security, such Power may, after notice to the other Contracting Powers, suspend for the period of hostilities its obligations under the present treaty other than those under Articles XIII and XVII, provided that such Power shall declare to the other Contracting Powers that the emergency is of such a character as to require such suspension.

The remaining Contracting Powers shall in such case consult together with a view to agreement as to what temporary modifications, if any, should be made in the treaty as between themselves. Should such consultation not produce agreement, duly made in accordance with the Constitutional methods of the respective Powers, any one of the Contracting Powers may, by giving notice to the other Contracting Powers, suspend for the period of hostilities its obligations under the present Treaty other than those under Articles XIII and XVII. On the cessation of hostilities the Contracting Powers will meet in conference to consider what modifications, if any, should be made in the provisions of the present Treaty".

Mr. BALFOUR raised a question he had mentioned on the previous day as to whether it would not be advisable in line 6 to insert the word "active" before the word "hostilities". If this were not done, a Power might perhaps still take advantage of a mere technical continuation of war, when there was no active fighting, to suspend the Treaty.

Mr. HUGHES said he had no very great objection. He pointed out, however, that every Power would in reality determine the question for itself. Each Power was really put on its conscience to carry out this Article honourably. It was conceivable, however, that quite slight hostilities might be important, for a Power might feel that it was really menaced even though active hostilities were not in progress. Hence each Power must really be its own judge. To amend the Article as proposed by Mr. Balfour might be a two-edged weapon. If the Senate of the United States thought that the action of America would be fettered in time of war, the passage of the Treaty would not have a ghost of a chance. Anything that tended that way, therefore, was bad. In the last resort each Power must judge the question for itself if it became a belligerent. Very little advantage, therefore, would be gained by the amendment, and it might give an argument against the Treaty.

Mr. BALFOUR said he would not press the point.

The Article was adopted as stated above.

ARTICLE XXIII.

At the end of the first paragraph, instead of the phrase " The notice shall take effect on that date ", it was agreed to substitute " The notice shall be deemed to have been given and shall take effect on that date."

ARTICLE XXIV.

Line 7: For the term " deposit of ratification " put " the deposit of ratifications ".

Mr. HUGHES said that Mr. Malkin's proposals had been very helpful.

Admiral DE BON asked if it was clear that the English and French texts were both considered as authentic?

Mr. HUGHES said the same formula had been used as in previous Treaties. He said he proposed to prepare a revise of the Treaty and circulate it. The Draft Treaty was now ready, except for Paragraph [*Article*] XIX, which awaited Baron Kato's instructions from Japan.

Mr. BALFOUR said that he also was awaiting instructions in regard to the two capital ships *Colossus* and *Collingwood*, which had been converted into boys' training ships.

Mr. HUGHES noted this. He said he thought it would be advisable to leave the following day free for the continuation of the discussions on Shantung,[31] which were making some progress. He would therefore propose no further meeting of any of the Committees of the Conference until Monday next. He asked permission to notify his colleagues as to what would be the best order of business on Monday.

The Conference adjourned at 5–15 p. m.

WASHINGTON, *January 13, 1922.*

[Appendix]

Second Draft of the Naval Treaty

The United States of America, the British Empire, France, Italy and Japan;

Desiring to contribute to the maintenance of the general peace, and to reduce the burdens of competition in armament;

Have resolved, with a view to accomplishing these purposes, to conclude a treaty to limit their respective naval armament, and to that end have appointed as their plenipotentiaries;

. . . . . .

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed as follows:

[31] For papers relating to this subject, see pp. 339 ff. and 934 ff.

Chapter I.—General Provisions Relating to the Limitation of Naval Armament

Article I

The Contracting Powers agree to limit their respective naval armaments as provided in the present Treaty.

Article II

The Contracting Powers may retain respectively the capital ships which are specified in Chapter II, Part 1. On the coming into force of the present Treaty, but subject to the following provisions of this Article, all other capital ships, built or building, of the United States, the British Empire and Japan shall be disposed of as prescribed in Chapter II, Part 2.

In addition to the capital ships specified in Chapter II, Part 1, the United States may complete and retain two ships of the *West Virginia* class. On the completion of these two ships the *North Dakota* and *Delaware* shall be disposed of as prescribed in Chapter II, Part 2.

The British Empire may, in accordance with the replacement table in Chapter II, Part 3, construct two new capital ships not exceeding 35,000 tons standard displacement (35,560 metric tons) each. On the completion of the said two ships the *Thunderer*,* *King George V*, *Ajax* and *Centurion* shall be disposed of as prescribed in Chapter II, Part 2.

Article III

Subject to the provisions of Article II, the Contracting Powers shall abandon their respective capital ship building programs, and no new capital ships shall be constructed or acquired by any of the Contracting Powers except replacement tonnage which may be constructed or acquired as specified in Chapter II, Part 3.

Ships which are replaced in accordance with Chapter II, Part 3, shall be disposed of as prescribed in Part 2 of that Chapter.

Article IV

The total capital ship replacement tonnage of each of the Contracting Powers shall not exceed in standard displacement, for the United States 525,000 tons (533,400 metric tons); for the British Empire 525,000 tons (533,400 metric tons); for France 175,000 tons (177,800 metric tons); for Italy 175,000 tons (177,800 metric tons); for Japan 315,000 tons (320,040 metric tons).

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* In the place of *Erin*, subject to concurrence of Main Committee. [Footnote in the original.]

Article V

No capital ship exceeding 35,000 tons, standard displacement (35,560 metric tons) shall be constructed by, for, or within the jurisdiction of, any of the Contracting Powers.

Article VI

No capital ship of any of the Contracting Powers shall carry a gun with a calibre in excess of sixteen inches (406 millimetres).

Article VII

The total tonnage for aircraft carriers of each of the Contracting Powers shall not exceed in standard displacement, for the United States 135,000 tons (137,160 metric tons); for the British Empire 135,000 tons (137,160 metric tons); for France 60,000 tons (60,960 metric tons); for Italy 60,000 tons (60,960 metric tons); for Japan 81,000 tons (82,296 metric tons).

Article VIII

The replacement of aircraft carriers shall be effected only as prescribed in Chapter II, Part 3, provided, however, that all aircraft carrier tonnage in existence or building on November 12, 1921, shall be considered experimental, and may be replaced, within the total tonnage limit, without regard to its age.

Article IX

No aircraft carrier exceeding 27,000 tons standard displacement (27,432 metric tons) shall be constructed by, for or within the jurisdiction of, any of the Contracting Powers: Provided, however, that any of the Contracting Powers may without increasing its total tonnage of aircraft carriers build not more than two of such aircraft carriers, each of a tonnage of not more than 33,000 tons standard displacement, and in order to effect economy any of the Contracting Powers may use for this purpose any two of their unfinished ships which would otherwise be scrapped under the provisions of this Treaty. In such case the armament of such vessels shall be in accordance with the requirements of Article X except that the total number of guns to be carried in case any such guns be of a calibre exceeding six inches (152 millimetres) shall not exceed eight.

Article X

No aircraft carrier of any of the Contracting Powers shall carry a gun with a calibre in excess of eight inches (203 millimetres). Without prejudice to the provisions of Article IX, if the armament carried includes guns exceeding six inches (152 millimetres) in calibre the total number of guns carried shall not exceed ten. If

alternatively the armament contains no guns exceeding six inches (152 millimetres) in calibre, the number of guns is not limited. In either case the number of anti-aircraft guns and of guns not exceeding 4.7 inches (120 millimetres) is not limited.

Article XI

No vessel of war exceeding 10,000 tons standard displacement (10,160 metric tons), other than a capital ship or aircraft carrier, shall be constructed by, for, or within the jurisdiction of, any of the Contracting Powers.

Article XII

No vessel of war of any of the Contracting Powers, hereafter laid down, other than a capital ship, shall carry a gun with a calibre in excess of eight inches (203 millimetres).

Article XIII

No ship designated in the present treaty to be scrapped may be reconverted into a vessel of war.

Article XIV

The Contracting Powers agree that no preparations shall be made in merchant ships in time of peace for the installation of warlike armaments for the purpose of converting such ships into vessels of war, other than the necessary stiffening of decks for the mounting of guns not exceeding six inch (152 millimetres) calibre.

Article XV

No vessel of war constructed within the jurisdiction of any of the Contracting Powers for a non-Contracting Power shall exceed the limitations prescribed by the present Treaty for vessels of a similar type which may be constructed by or for any of the Contracting Powers.

Article XVI

If the construction of any vessel of war for a non-Contracting Power is undertaken within the jurisdiction of any of the Contracting Powers, such Power shall promptly inform the other Contracting Powers of the date of the signing of the contract and the date on which the keel of the ship is laid; and shall also communicate to them the particulars relating to the ship prescribed in Chapter II, Part 3, Section I (*e*), (4) and (5).

Article XVII

In the event of a Contracting Power being engaged in war, such Power shall not use as a vessel of war any vessel of war which may be under construction within its jurisdiction or which may have been constructed within its jurisdiction for another Power and not delivered.

Article XVIII

Each of the Contracting Powers undertakes not to dispose of any vessel of war in such a manner that such vessel may become a vessel of war in the Navy of any foreign Power.

Article XIX

Article XX

The rules for determining tonnage displacement prescribed in Chapter II, Part 5,[32] shall apply to the ships of each of the Contracting Powers.

CHAPTER II.—RULES RELATING TO THE EXECUTION OF THE TREATY—DEFINITION OF TERMS

PART 1.—*Capital Ships Which May Be Retained by the Contracting Powers*

In accordance with Article II ships may be retained by each of the Contracting Powers as specified in this Part.

SHIPS WHICH MAY BE RETAINED BY THE UNITED STATES

Name	*Tonnage*	*Name*	*Tonnage*
Maryland	32,600	Nevada	27,500
California	32,300	New York	27,000
Tennessee	32,300	Texas	27,000
Idaho	32,000	Arkansas	26,000
New Mexico	32,000	Wyoming	26,000
Mississippi	32,000	Florida	21,825
Arizona	31,400	Utah	21,825
Pennsylvania	31,400	North Dakota	20,000
Oklahoma	27,500	Delaware	20,000

Total Tonnage 500,650

On the completion of the two ships of the *West Virginia* class and the scrapping of the *North Dakota* and *Delaware*, as provided in Article 2, the total tonnage to be retained by the United States will be 525,850 tons.

[32] i. e., concluding paragraphs of chapter II, part 4.

SHIPS WHICH MAY BE RETAINED BY THE BRITISH EMPIRE

Name	*Tonnage*	*Name*	*Tonnage*
Royal Sovereign	25, 750	Emperor of India	25, 000
Royal Oak	25, 750	Iron Duke	25, 000
Revenge	25, 750	Marlborough	25, 000
Resolution	25, 750	Hood	41, 200
Ramillies	25, 750	Renown	26, 500
Malaya	27, 500	Repulse	26, 500
Valiant	27, 500	Tiger	28, 500
Barham	27, 500	Thunderer	22, 500
Queen Elizabeth	27, 500	King George V	23, 000
Warspite	27, 500	Ajax	23, 000
Benbow	25, 000	Centurion	23, 000

Total Tonnage 580,450

On the completion of the two new ships to be constructed and the scrapping of the *Thunderer*, *King George V*, *Ajax* and *Centurion*, as provided in Article 2, the total tonnage to be retained by the British Empire will be 562,950 tons.

SHIPS WHICH MAY BE RETAINED BY FRANCE

Name	*Tonnage (metric tons)*	*Name*	*Tonnage (metric tons)*
Bretagne	23, 500	Jean Bart	23, 500
Lorraine	23, 500	Courbet	23, 500
Provence	23, 500	Condorcet	18, 890
Paris	23, 500	Diderot	18, 890
France	23, 500	Voltaire	18, 890

Total Tonnage 221,170

France may lay down new tonnage in the years 1927, 1929, and 1931 as provided in this Part.

SHIPS WHICH MAY BE RETAINED BY ITALY

Name	*Tonnage (metric tons)*	*Name*	*Tonnage (metric tons)*
Andrea Doria	22, 700	Dante Alighieri	19, 500
Caio Duilio	22, 700	Roma	12, 600
Conti Di Cavour [33]	22, 500	Napoli	12, 600
Giulio Cesare	22, 500	Vittorio Emanuele	12, 600
Leonardo Di Vinci [33]	22, 500	Regina Elena	12, 600

Total Tonnage 182, 800

Italy may lay down new tonnage in the years 1927, 1929, and 1931, as provided in this Part.

SHIPS WHICH MAY BE RETAINED BY JAPAN

Name	*Tonnage*	*Name*	*Tonnage*
Mutsu	33, 800	Fu-So	30, 600
Nagato	33, 800	Kirishima	27, 500
Hiuga	31, 260	Haruna	27, 500
Ise	31, 260	Hiyei	27, 500
Yamashiro	30, 600	Kongo	27, 500

Total Tonnage 301, 320

[33] For corrections in spelling, see p. 223.

PART 2.—*Rules for Scrapping Vessels of War*

The following rules shall be observed for the scrapping of vessels of war which are to be disposed of in accordance with Articles II and III in Chapter I.

I. A vessel to be scrapped must be placed in such condition that it cannot be put to the combatant use for which it was originally designed.

II. This result must be finally effected in one or other of the following ways:—

(*a*) Permanent sinking of the vessel;
(*b*) Breaking the vessel up. This shall always involve the destruction or removal of all machinery, boilers, and armour, and all deck, side and bottom plating;
(*c*) Converting the vessel to target use exclusively. In such case all the provisions of paragraph IV [34] of this Part, except sub-paragraph 6, in so far as may be necessary to enable the ship to be used as a mobile target, and sub-paragraph 7, must be previously complied with. Not more than one capital ship is to be retained for this purpose at one time by any of the Contracting Powers.
(*d*) Special provision as to France and Italy.

III. (*a*) Subject to the special exceptions contained in paragraph II, when a vessel is designated for scrapping, the first stage of scrapping, which consists in rendering a ship incapable of further warlike service, shall be immediately undertaken.

(*b*) A vessel shall be considered incapable of further warlike service when there shall have been removed and landed, or else destroyed in the ship:—

(1) All guns and essential portions of guns, fire-control tops and revolving parts of all barbettes and turrets:
(2) All machinery for working hydraulic or electric mountings:
(3) All fire-control instruments and range-finders:
(4) All ammunition explosives and mines:
(5) All torpedoes, warheads and torpedo tubes:
(6) All wireless telegraphy installations:
(7) The conning tower and all side armour, or alternatively all main propelling machinery:
(8) All landing and flying-off platforms and all other aviation accessories.

IV. The periods in which scrapping of vessels is to be effected are as follows:—

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[34] See p. 224.

(*a*) In the case of vessels to be scrapped under the first paragraph of Article II of the present Treaty, the vessels shall be rendered incapable of further warlike service, in accordance with paragraph III of this Part, within six months from the coming into force of the Treaty, and the scrapping shall be finally effected within eighteen months from such coming into force.

(*b*) In the case of vessels to be scrapped under the second and third paragraphs of Article II, in Chapter I, or under Article III, the work of rendering the vessel incapable of further warlike service in accordance with paragraph III of this Part shall be commenced not later than the date of completion of its successor, and shall be finished within six months from the date of such completion. The vessel shall be finally scrapped, in accordance with paragraph II of this Part, within eighteen months from the date of completion of its successor.

PART 3.—*Replacement*

The replacement of capital ships and aircraft carriers shall take place according to the rules in Section I and the tables in Section II of this Part.

SECTION I.—RULES FOR REPLACEMENT

(*a*) The tonnage limits for capital ship replacement shall be:—

United States . .	525,000 tons standard measurement (533,400 metric tons)
British Empire .	525,000 tons standard measurement (533,400 metric tons)
France	175,000 tons standard measurement (177,800 metric tons)
Italy	175,000 tons standard measurement (177,800 metric tons)
Japan	315,000 tons standard measurement (320,040 metric tons)

(*b*) The tonnage limits for aircraft carrier replacements shall be:—

United States . .	135,000 tons standard measurement (137,160 metric tons)
British Empire .	135,000 tons standard measurement (137,160 metric tons)
France	60,000 tons standard measurement (60,960 metric tons)
Italy	60,000 tons standard measurement (60,960 metric tons)
Japan	81,000 tons standard measurement (82,295 [35] metric tons)

[35] See p. 225.

(*c*) Capital ships and aircraft carriers twenty years from the date of completion may be replaced by new construction, but within the limits prescribed in paragraphs (*a*) and (*b*). The keels of such new construction may be laid down not earlier than seventeen years from the date of completion of the tonnage to be replaced, provided, however, that no capital ship tonnage, with the exception of the ships referred to in Article II in Chapter I, the replacement tonnage specifically mentioned in this Part, Section II, shall be laid down until ten years from the date of the coming into force of this Treaty.

(*d*) The scrapping of capital ships and aircraft carriers replaced by new construction shall be undertaken in conformity with the rules laid down in Part 2 of this Chapter, but if the date of completion of new construction be delayed, then the scrapping of old construction shall begin within four years of the laying of the keels of such new construction.

(*e*) Each of the Contracting Powers shall communicate promptly to each of the other Contracting Powers the following information;

1. The names of the capital ships or aircraft carriers to be replaced by new construction;
2. The date of governmental authorization of replacement tonnage;
3. The dates of laying the keels of replacement tonnage;
4. The standard displacement tons and metric tons of each new ship to be laid down, and the principal dimensions, namely, length at waterline, extreme beam at or below waterline, mean draft at standard displacement;
5. The date of completion of each new ship and its displacement tonnage in standard and metric tons, and the principal dimensions, namely, length at waterline, extreme beam at or below waterline, mean draft at standard displacement, at time of completion.

(*f*) While this treaty remains in force, in case of loss or accidental destruction of capital ships or aircraft carriers, they may immediately be replaced by new construction subject to the tonnage limits prescribed in Articles IV and VII and in conformity with the other provisions of this treaty, the regular replacement program being deemed to be advanced correspondingly.

(*g*) Reconstruction of capital ships and aircraft carriers shall be limited to providing new means of defence against air and submarine attack. The contracting powers may, for that purpose, equip existing tonnage with bulge or blister or anti-air-attack deck protection, provided the increase of displacement thus effected does not exceed 3,000 standard displacement tons (3,048 metric tons) for each ship. No alterations in side armor, in calibre, number or general type of mounting of main armament shall be permitted except (*a*) in the

case of France and Italy, which countries within the limits allowed for bulge may increase their armor protection and the calibre of the guns now carried on their existing capital ships so as not to exceed sixteen inches and (*b*) the British Empire shall be permitted to complete, in the case of the *Renown*, the alterations to armor that have already been commenced but temporarily suspended.

SECTION 2

REPLACEMENT AND SCRAPPING OF CAPITAL SHIPS

UNITED STATES

Year	Ships laid down	Ships completed	Ships scrapped (age in brackets)	Ships retained Summary	
				Pre Jutland	Post Jutland
1921	.....	.....	Maine (20), Missouri (20), Virginia (17), Nebraska (17), Georgia (17), New Jersey (17), Rhode Island (17), Connecticut (17), Louisiana (17), Vermont (16), Kansas (16), Minnesota (16), New Hampshire (15), South Carolina (13), Michigan (13), Washington (0), South Dakota (0), Indiana (0), Montana (0), North Carolina (0), Iowa (0), Massachusetts (0), Lexington (0), Constitution (0), Constellation (0), Saratoga (0), Ranger (0), United States (0).	17	1
1922	.....	A. B.*	Delaware (12), North Dakota (12).	15	3
1923	.....	.....	.....	15	3
1924	.....	.....	.....	15	3
1925	.....	.....	.....	15	3
1926	.....	.....	.....	15	3
1927	.....	.....	.....	15	3
1928	.....	.....	.....	15	3
1929	.....	.....	.....	15	3
1930	.....	.....	.....	15	3
1931	C. D.	.....	.....	15	3
1932	E. F.	.....	.....	15	3
1933	G.	.....	.....	15	3
1934	H. I.	C.D.	Florida (23), Utah (23), Wyoming (22).	12	5
1935	J.	E. F.	Arkansas (23), Texas (21), New York (21).	9	7
1936	K. L.	G.	Nevada (20), Oklahoma (20).....	7	8
1937	M.	H. I.	Arizona (21), Pennsylvania (21)..	5	10
1938	N. O.	J.	Mississippi (21).....	4	11
1939	P. Q.	K. L.	New Mexico (21), Idaho (20)....	2	13
1940	.....	M.	Tennessee (20).....	1	14
1941	.....	N. O.	California (20), Maryland (20)...	0	15
1942	.....	P. Q.	2 ships West Virginia Class.....	0	15

*2 *West Virginia* Class.

NOTE: A, B, C, D, etc., represent individual capital ships of 35,000 tons standard displacement, laid down and completed in the years specified.

REPLACEMENT AND SCRAPPING OF CAPITAL SHIPS—Continued

BRITISH EMPIRE

Year	Ships laid down	Ships completed	Ships scrapped (Age in Brackets)	Ships retained Summary	
				Pre Jutland	Post Jutland
1921	.....	.....	Dreadnought (15), Bellerophon (12), Collingwood (11), St. Vincent (11), Inflexible (13), Superb (12), Neptune (10), Hercules (10), Indomitable (13), Temeraire (12), Colossus (10), New Zealand (9), Lion (9), Princess Royal (9), Conqueror (9), Monarch (9), Orion (9), Australia (8), Agincourt (7), Erin (7). 4 building or projected.	21	1
1922	A. B.*	.....	.....	21	1
1923	.....	.....	.....	21	1
1924	.....	.....	.....	21	1
1925	.....	A. B.	King George V (13), Ajax (12), Centurion (12), Thunderer (13).	17	3
1926	.....	.....	.....	17	3
1927	.....	.....	.....	17	3
1928	.....	.....	.....	17	3
1929	.....	.....	.....	17	3
1930	.....	.....	.....	17	3
1931	C. D.	.....	.....	17	3
1932	E. F.	.....	.....	17	3
1933	G.	.....	.....	17	3
1934	H. I.	C. D.	Iron Duke (20), Marlborough (20), E. of India (20), Benbow (20).	13	5
1935	J.	E. F.	Tiger (21), Q. Elizabeth (20), Warspite (20), Barham (20).	9	7
1936	K. L.	G.	Malaya (20), Royal Sovereign (20).	7	8
1937	M.	H. I.	Revenge (21), Resolution (21).....	5	10
1938	N. O.	J.	Royal Oak (22).....	4	11
1939	P. Q.	K. L.	Valiant (23), Repulse (23).....	2	13
1940	.....	M.	Renown (24).....	1	14
1941	.....	N. O.	Ramillies (24), Hood (21).....	0	15
1942	.....	P. Q.	A (17), B (17).....	0	15

* 2—35,000 ton ships standard displacement.

NOTE—A, B, C, D, etc., represent individual capital ships of 35,000 tons standard displacement laid down and completed in the years specified.

Replacement and Scrapping of Capital Ships—Continued

FRANCE

Year	Ships laid down	Ships completed	Ships scrapped (Age in Brackets)	Ships retained Summary	
				Pre Jutland	Post Jutland
1921	.....	.....	.....	7	0
1922	.....	.....	.....	7	0
1923	.....	.....	.....	7	0
1924	.....	.....	.....	7	0
1925	.....	.....	.....	7	0
1926	.....	.....	.....	7	0
1927	A	.....	.....	7	0
1928	.....	.....	.....	7	0
1929	B	.....	.....	7	0
1930	.....	A	J. Bart (17), Courbet (17)	5	1
1931	C	.....	.....	5	1
1932	D	B	France (18).....	4	2
1933	E	.....	.....	4	2
1934	.....	C	Paris (20), Bretagne (20).....	2	3
1935	.....	D	Provence (20).....	1	4
1936	.....	E	Lorraine (20).....	0	5
1937	.....	.....	.....	0	5
1938	.....	.....	.....	0	5
1939	.....	.....	.....	0	5
1940	.....	.....	.....	0	5
1941	.....	.....	.....	0	5
1942	.....	.....	.....	0	5

Note 1. A. B. C. D. etc., represent individual capital ships of 35,000 tons standard displacement laid down and completed in the years specified.

Note 2. It is understood that the laying down of all or part of the tonnage may be postponed.

Replacement and Scrapping of Capital Ships

ITALY

Year	Laid down	Completed	Ships scrapped (age in brackets)	Ships retained Summary	
				Pre Jutland	Post
1921	.....	.....	.....	6	0
1922	.....	.....	.....	6	0
1923	.....	.....	.....	6	0
1924	.....	.....	.....	6	0
1925	.....	.....	.....	6	0
1926	.....	.....	.....	6	0
1927	35, 000 tons.	.....	.....	6	0
1928	.....	.....	.....	6	0
1929	35, 000 tons.	.....	.....	6	0
1930	.....	.....	.....	6	0
1931	35, 000 tons.	35, 000 tons.	Dante Alighieri (19).	5	Within Tonnage Limitations Number not fixed

REPLACEMENT AND SCRAPPING OF CAPITAL SHIPS—Continued

ITALY—continued

Year	Laid down	Completed	Ships scrapped (age in brackets)	Ships retained Summary	
				Pre Jutland	Post
1932	45,000 tons.	.....	.....	5	Number not fixed
1933	25,000 tons.	35,000 tons.	Leonardo da Vinci (19).	4	"
1934	.....	.....	.....	4	"
1935	.....	35,000 tons.	Guilio Caesaro [36] (21).	3	"
1936	.....	45,000 tons.	Duilio (21), Conte di Cavour (21).	1	"
1937	.....	25,000 tons.	Andrea Doria (21).	0	"

NOTE: Italy expressly reserves the right of employing the capital ship tonnage allotment as she may consider advisable; subject solely to the limitations that the displacement of individual ships should not surpass 35,000 tons, and the total capital ship tonnage should keep within the limits imposed by above table.

REPLACEMENT AND SCRAPPING OF CAPITAL SHIPS

JAPAN

Year	Ships laid down	Ships Completed	Ships Scrapped (age in brackets)	Ships retained Summary	
				Pre Jutland	Post
1921	.....	A (Mutsu)	Settsu (9).....	8	2
1922	.....	.....	.....	8	2
1923	.....	.....	.....	8	2
1924	.....	.....	.....	8	2
1925	.....	.....	.....	8	2
1926	.....	.....	.....	8	2
1927	.....	.....	.....	8	2
1928	.....	.....	.....	8	2
1929	.....	.....	.....	8	2
1930	.....	.....	.....	8	2
1931	B	.....	.....	8	2
1932	C	.....	.....	8	2
1933	D	.....	.....	8	2
1934	E	B	Kongo (21).....	7	3
1935	F	C	Hiyei (21) Haruna (20).....	5	4
1936	G	D	Kirishima (21).....	4	5
1937	H	E	Fuso (22).....	3	6
1938	I	F	Yamashiro (21).....	2	7
1939	J	G	Iso (22).....	1	8
1940	.....	H	Hyuga (22).....	0	9
1941	.....	I	Negato (21).....	0	9
1942	.....	J	Mutsu (21).....	0	9

NOTE: A, B, C, D, etc. represent individual capital ships of 35,000 tons standard displacement, laid down and completed in the years specified.

[36] Should read "Giulio Cesare."

PART 4.—*Definitions*

For the purposes of the present Treaty, the following expressions are to be understood respectively, in the senses defined in this Annex.[37]

VESSEL OF WAR

For the purpose of this treaty the following shall be considered to be fleet auxiliaries and not vessels of war, to wit: Vessels, armed or unarmed, under government control not specifically built as fighting ships, or taken under government control for fighting purposes, which are employed on fleet duties or as troop transports or in any other way for the purpose of assisting in the prosecution of hostilities other than as fighting ships.

CAPITAL SHIP

A Capital Ship, in the case of ships hereafter built, is defined as a vessel of war, not an aircraft carrier, whose displacement exceeds 10,000 tons standard displacement (10,160 metric tons), or which carries a gun with a calibre exceeding eight inches (203 millimetres).

AIRCRAFT CARRIER

An Aircraft Carrier is defined as a vessel of war with a displacement in excess of 10,000 tons standard displacement (10,160 metric tons), especially designed for carrying aircraft and so constructed that aircraft can be launched from and landed thereon.

STANDARD DISPLACEMENT

The standard displacement expressed in tons of 2,240 pounds (1016 kilos) of a ship is the displacement of the ship complete, fully manned, engined, and equipped ready for sea, including all armament and ammunition, equipment, outfit, provisions and fresh water for crew, miscellaneous stores and implements of every description that are intended to be carried in war, but without fuel or reserve feed water on board.

Vessels now completed shall retain their present ratings of displacement tonnage in accordance with their national system of measurement. However, a Power expressing displacement in metric tons shall be considered for the application of the present Treaty as owning only the equivalent displacement in tons of 2240 pounds.

A vessel completed hereafter shall be rated at its displacement tonnage when in the standard condition defined herein.

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[37] i. e., in this part.

Chapter III.—Miscellaneous Provisions

Article XXI

If during the term of the present Treaty the requirements of the national security of any Contracting Power in respect of naval defence are, in the opinion of that Power, materially affected by any change of circumstances, the Contracting Powers will, at the request of such Power, meet in conference with a view to the reconsideration of the provisions of the Treaty and its amendment by mutual agreement.

In view of possible technical and scientific developments, the United States of America, after consultation with the other Contracting Powers, shall arrange for a conference of all the Contracting Powers which shall convene as soon as possible after the expiration of eight years from the coming into force of the present Treaty to consider what changes in the Treaty, may be necessary to meet such developments.

Article XXII

Whenever any Contracting Power shall become engaged in a war which in its opinion affects the naval defence of its national security, such Power may after notice to the other Contracting Powers suspend for the period of the war its obligations under the present treaty other than those under Articles XIII and XVII, provided that such Power shall declare to the other Contracting Powers that the emergency is of such a character as to require such suspension.

The remaining Contracting Powers shall in such case consult together with a view to agreement as to what temporary modifications if any, made in accordance with their constitutional methods, should be made in the treaty as between themselves. Should such consultation not produce agreement, any one of the Contracting Powers may, by giving notice to the other Contracting Powers, suspend for the period of hostilities its obligations under the present Treaty.

On the re-establishment of peace the Contracting Powers will meet in conference to consider what modifications, if any, should be made in the provisions of the present Treaty.

Article XXIII

The present Treaty shall remain in force until December 31st, 1936, and in case none of the Contracting Powers shall have given notice two years before that date of its intention to terminate the Treaty, it shall continue in force until the expiration of two years from the date on which notice of termination shall be given by one of the Con-

tracting Powers, whereupon the Treaty shall terminate as regards all the Contracting Powers. Such notice shall be communicated in writing to the Government of the United States, which shall immediately transmit a certified copy of the notification to the other Powers and inform them of the date on which it was received. The notice shall take effect on that date.

Within one year of the date of the receipt by the Government of the United States of a notice of termination by any Power, all the Contracting Powers shall meet in conference.

Article XXIV

The present Treaty shall be ratified by the Contracting Powers in accordance with their respective constitutional methods and shall take effect on the date of the deposit of all the ratifications which shall take place at Washington as soon as possible. The Government of the United States will transmit to the other Contracting Powers a certified copy of the *proces-verbal* of deposit of ratification.

The present Treaty, in English and in French, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to the other Contracting Powers.

IN FAITH WHEREOF the above named Plenipotentiaries have signed the present Treaty.

DONE at the City of Washington the . . . . . day of . . . . . One Thousand Nine Hundred and Twenty-Two.

500.A4b/547½

Memorandum by the Secretary of State of a Conversation with Baron Kato, of the Japanese Delegation, January 16, 1922

Baron Kato called, accompanied by Mr. Ichihashi, his interpreter.

Baron Kato said that he desired the interview to be regarded as purely informal and not official. He had received instructions from his Government and his Government would not agree to the British proposal with regard to the fortifications in the Pacific. Baron Kato said he found that the matter had been transferred from a simple question of fortifications into one of domestic political importance in Japan. The original public statement had been published in Japan and it seems that the British proposal had in some way become public there, so that the Japanese Government was faced with the difficulty that something different from that which was originally understood, was intended. Baron Kato said that Parliament was to meet on the 21st of January and that likely this subject would be the first for discussion, and that it presented a very great difficulty for his Government because some of the most

important members of the Privy Council were absolutely opposed to the British proposal. Baron Kato said that his visit was merely for the purpose of saying that he was sending to Japan his own views and his opinion of the instructions which he had received, and in the meantime he wished to ask a personal favor and that was that the Secretary would allow the matter to remain open without calling a meeting of the Naval Committee to consider it. Baron Kato hoped that in this way something might be accomplished and he was doing his best with his Government.

The Secretary said that so far as the fortifications were concerned, there could be no doubt as to the spirit and purpose of the agreement; that Japan had indicated that an increase of fortification in certain places, if made by the United States, however pacific their intent might be, would be regarded as constituting a menace to Japan; that the same thing of course would exist if Japan increased her fortification in her islands at strategic points, which would constitute a menace to the possessions of the United States; that what applied to one applied equally to the other; that when reference was made to Japan proper there was no question at all that it meant the main islands of Japan which were excluded just as Australia and New Zealand were excluded, and the region of the coast of the United States and Hawaii. The Secretary understood that the British proposal merely defined the zone more definitely. The Secretary felt that the real agreement was perfectly understood and that it should be defined in a way such as to leave no ambiguity. Baron Kato reiterated the point that the question really had passed beyond that of fortifications to a domestic political question in Japan and that he needed a little time to endeavor to work it out.

The Secretary said he would be very glad to arrange to postpone for the present the meeting of the Naval Committee.

500.A4b/547½

The Secretary to the British Empire Delegation to the Secretary of State

WASHINGTON, *17 January, 1922.*

DEAR MR. HUGHES: On the subject of the *status quo* as regards fortifications and naval bases in the Pacific, on which you spoke to me this morning, I enclose, with Mr. Balfour's permission, a carbon copy of a Memorandum I made at the time from memory, of a conversation which he and you had at the Pan American Building on Thursday, December 1st, at 3.30 p.m., at which I was present.[39]

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[39] *Ante*, p. 74.

From the second paragraph of this Memorandum, you will see that Mr. Balfour began by giving a very full account of a conversation he had had with Baron Kato the same morning. Had I been making a formal record for joint use, I should no doubt have recapitulated the whole of what Mr. Balfour said. As, however, at the time, my Memorandum was prepared merely for office use, and what Baron Kato said was already included in my Note of the earlier conversation, I merely referred to the previous record.

Turning, therefore, to this record (also made from memory) of Mr. Balfour's previous conversation with Baron Kato, I find at the end, Mr. Balfour is mentioned as obtaining permission to put the considerations urged by Baron Kato, very frankly before you. I further find that Baron Kato made the definite proposal that America should agree not to fortify Manila, Guam or Hawaii, and that Japan, in return, should agree not to proceed with her present plans for fortifying Formosa, the Pescadores and Oshima. Curiously enough, I find no mention of the Bonin Islands. It may be that the interpreter omitted to mention the Bonin Islands, or perhaps I myself overlooked them. I was hearing some of these names practically for the first time. I was taking no note, and it is quite likely that I overlooked the Bonin Islands, though I remember writing down the name of Oshima, which was new to me. However this may be, I observe that in my Memorandum of the triple conversation which took place on the following afternoon (December 2nd) at 5.30, (a document labelled S. W. 10, which you have)[40] is a note that Baron Kato said Japan would agree not to fortify the four islands named to Mr. Balfour. Then there is a note in brackets that the islands named to Mr. Balfour were Formosa, the Pescadores and Oshima.

Very sincerely yours,

M. P. A. HANKEY

Treaty Series No. 671

Treaty between the United States of America, the British Empire, France, Italy, and Japan, Signed at Washington February 6, 1922[41]

The United States of America, the British Empire, France, Italy and Japan;

Desiring to contribute to the maintenance of the general peace, and to reduce the burdens of competition in armament;

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[40] *Ante*, p. 75.

[41] In English and French; French text not printed. Ratification advised by the Senate, Mar. 29, 1922; ratified by the President, June 9, 1923; ratifications deposited with the Government of the United States, Aug. 17, 1923; proclaimed, Aug. 21, 1923.

Have resolved, with a view to accomplishing these purposes, to conclude a treaty to limit their respective naval armament, and to that end have appointed as their Plenipotentiaries;

The President of the United States of America:

Charles Evans Hughes,
Henry Cabot Lodge,
Oscar W. Underwood,
Elihu Root,
citizens of the United States;

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India:

The Right Honourable Arthur James Balfour, O. M., M. P., Lord President of His Privy Council;
The Right Honourable Baron Lee of Fareham, G. B. E., K. C. B., First Lord of His Admiralty;
The Right Honourable Sir Auckland Campbell Geddes, K. C. B., His Ambassador Extraordinary and Plenipotentiary to the United States of America;

and

for the Dominion of Canada:

The Right Honourable Sir Robert Laird Borden, G. C. M. G., K. C.;

for the Commonwealth of Australia:

Senator the Right Honourable George Foster Pearce, Minister for Home and Territories;

for the Dominion of New Zealand:

The Honourable Sir John William Salmond, K. C., Judge of the Supreme Court of New Zealand;

for the Union of South Africa:

The Right Honourable Arthur James Balfour, O. M., M. P.;

for India:

The Right Honourable Valingman Sankaranarayana Srinivasa Sastri, Member of the Indian Council of State;

The President of the French Republic:

Mr. Albert Sarraut, Deputy, Minister of the Colonies;
Mr. Jules J. Jusserand, Ambassador Extraordinary and Plenipotentiary to the United States of America, Grand Cross of the National Order of the Legion of Honour;

His Majesty the King of Italy:

The Honourable Carlo Schanzer, Senator of the Kingdom;
The Honourable Vittorio Rolandi Ricci, Senator of the Kingdom, His Ambassador Extraordinary and Plenipotentiary at Washington;
The Honourable Luigi Albertini, Senator of the Kingdom;

His Majesty the Emperor of Japan:

Baron Tomosaburo Kato, Minister for the Navy, Junii, a member of the First Class of the Imperial Order of the Grand Cordon of the Rising Sun with the Paulownia Flower;

Baron Kijuro Shidehara, His Ambassador Extraordinary and Plenipotentiary at Washington, Joshii, a member of the First Class of the Imperial Order of the Rising Sun;

Mr. Masanao Hanihara, Vice Minister for Foreign Affairs, Jushii, a member of the Second Class of the Imperial Order of the Rising Sun;

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed as follows:

Chapter I.—General Provisions Relating to the Limitation of Naval Armament

Article I

The Contracting Powers agree to limit their respective naval armament as provided in the present Treaty.

Article II

The Contracting Powers may retain respectively the capital ships which are specified in Chapter II, Part 1. On the coming into force of the present Treaty, but subject to the following provisions of this Article, all other capital ships, built or building, of the United States, the British Empire and Japan shall be disposed of as prescribed in Chapter II, Part 2.

In addition to the capital ships specified in Chapter II, Part 1, the United States may complete and retain two ships of the *West Virginia* class now under construction. On the completion of these two ships the *North Dakota* and *Delaware* shall be disposed of as prescribed in Chapter II, Part 2.

The British Empire may, in accordance with the replacement table in Chapter II, Part 3, construct two new capital ships not exceeding 35,000 tons (35,560 metric tons) standard displacement each. On the completion of the said two ships the *Thunderer*, *King George V*, *Ajax* and *Centurion* shall be disposed of as prescribed in Chapter II, Part 2.

Article III

Subject to the provisions of Article II, the Contracting Powers shall abandon their respective capital ship building programs, and no new capital ships shall be constructed or acquired by any of

the Contracting Powers except replacement tonnage which may be constructed or acquired as specified in Chapter II, Part 3.

Ships which are replaced in accordance with Chapter II, Part 3, shall be disposed of as prescribed in Part 2 of that Chapter.

Article IV

The total capital ship replacement tonnage of each of the Contracting Powers shall not exceed in standard displacement, for the United States 525,000 tons (533,400 metric tons); for the British Empire 525,000 tons (533,400 metric tons); for France 175,000 tons (177,800 metric tons); for Italy 175,000 tons (177,800 metric tons); for Japan 315,000 tons (320,040 metric tons).

Article V

No capital ship exceeding 35,000 tons (35,560 metric tons) standard displacement shall be acquired by, or constructed by, for, or within the jurisdiction of, any of the Contracting Powers.

Article VI

No capital ship of any of the Contracting Powers shall carry a gun with a calibre in excess of 16 inches (406 millimetres).

Article VII

The total tonnage for aircraft carriers of each of the Contracting Powers shall not exceed in standard displacement, for the United States 135,000 tons (137,160 metric tons); for the British Empire 135,000 tons (137,160 metric tons); for France 60,000 tons (60,960 metric tons); for Italy 60,000 tons (60,960 metric tons); for Japan 81,000 tons (82,296 metric tons).

Article VIII

The replacement of aircraft carriers shall be effected only as prescribed in Chapter II, Part 3, provided, however, that all aircraft carrier tonnage in existence or building on November 12, 1921, shall be considered experimental, and may be replaced, within the total tonnage limit prescribed in Article VII, without regard to its age.

Article IX

No aircraft carrier exceeding 27,000 tons (27,432 metric tons) standard displacement shall be acquired by, or constructed by, for or within the jurisdiction of, any of the Contracting Powers.

However, any of the Contracting Powers may, provided that its total tonnage allowance of aircraft carriers is not thereby exceeded,

build not more than two aircraft carriers, each of a tonnage of not more than 33,000 tons (33,528 metric tons) standard displacement, and in order to effect economy any of the Contracting Powers may use for this purpose any two of their ships, whether constructed or in course of construction, which would otherwise be scrapped under the provisions of Article II. The armament of any aircraft carriers exceeding 27,000 tons (27,432 metric tons) standard displacement shall be in accordance with the requirements of Article X, except that the total number of guns to be carried in case any of such guns be of a calibre exceeding 6 inches (152 millimetres), except anti-aircraft guns and guns not exceeding 5 inches (127 millimetres), shall not exceed eight.

Article X

No aircraft carrier of any of the Contracting Powers shall carry a gun with a calibre in excess of 8 inches (203 millimetres). Without prejudice to the provisions of Article IX, if the armament carried includes guns exceeding 6 inches (152 millimetres) in calibre the total number of guns carried, except anti-aircraft guns and guns not exceeding 5 inches (127 millimetres), shall not exceed ten. If alternatively the armament contains no guns exceeding 6 inches (152 millimetres) in calibre, the number of guns is not limited. In either case the number of anti-aircraft guns and of guns not exceeding 5 inches (127 millimetres) is not limited.

Article XI

No vessel of war exceeding 10,000 tons (10,160 metric tons) standard displacement, other than a capital ship or aircraft carrier, shall be acquired by, or constructed by, for, or within the jurisdiction of, any of the Contracting Powers. Vessels not specifically built as fighting ships nor taken in time of peace under government control for fighting purposes, which are employed on fleet duties or as troop transports or in some other way for the purpose of assisting in the prosecution of hostilities otherwise than as fighting ships, shall not be within the limitations of this Article.

Article XII

No vessel of war of any of the Contracting Powers, hereafter laid down, other than a capital ship, shall carry a gun with a calibre in excess of 8 inches (203 millimetres).

Article XIII

Except as provided in Article IX, no ship designated in the present Treaty to be scrapped may be reconverted into a vessel of war.

Article XIV

No preparations shall be made in merchant ships in time of peace for the installation of warlike armaments for the purpose of converting such ships into vessels of war, other than the necessary stiffening of decks for the mounting of guns not exceeding 6 inch (152 millimetres) calibre.

Article XV

No vessel of war constructed within the jurisdiction of any of the Contracting Powers for a non-Contracting Power shall exceed the limitations as to displacement and armament prescribed by the present Treaty for vessels of a similar type which may be constructed by or for any of the Contracting Powers; provided, however, that the displacement for aircraft carriers constructed for a non-Contracting Power shall in no case exceed 27,000 tons (27,432 metric tons) standard displacement.

Article XVI

If the construction of any vessel of war for a non-Contracting Power is undertaken within the jurisdiction of any of the Contracting Powers, such Power shall promptly inform the other Contracting Powers of the date of the signing of the contract and the date on which the keel of the ship is laid; and shall also communicate to them the particulars relating to the ship prescribed in Chapter II, Part 3, Section I (*b*), (4) and (5).

Article XVII

In the event of a Contracting Power being engaged in war, such Power shall not use as a vessel of war any vessel of war which may be under construction within its jurisdiction for any other Power, or which may have been constructed within its jurisdiction for another Power and not delivered.

Article XVIII

Each of the Contracting Powers undertakes not to dispose by gift, sale or any mode of transfer of any vessel of war in such a manner that such vessel may become a vessel of war in the Navy of any foreign Power.

Article XIX

The United States, the British Empire and Japan agree that the *status quo* at the time of the signing of the present Treaty, with

regard to fortifications and naval bases, shall be maintained in their respective territories and possessions specified hereunder:

(1) The insular possessions which the United States now holds or may hereafter acquire in the Pacific Ocean, except (*a*) those adjacent to the coast of the United States, Alaska and the Panama Canal Zone, not including the Aleutian Islands, and (*b*) the Hawaiian Islands;

(2) Hongkong and the insular possessions which the British Empire now holds or may hereafter acquire in the Pacific Ocean, east of the meridian of 110° east longitude, except (*a*) those adjacent to the coast of Canada, (*b*) the Commonwealth of Australia and its Territories, and (*c*) New Zealand;

(3) The following insular territories and possessions of Japan in the Pacific Ocean, to wit: the Kurile Islands, the Bonin Islands, Amami-Oshima, the Loochoo Islands, Formosa and the Pescadores, and any insular territories or possessions in the Pacific Ocean which Japan may hereafter acquire.

The maintenance of the *status quo* under the foregoing provisions implies that no new fortifications or naval bases shall be established in the territories and possessions specified; that no measures shall be taken to increase the existing naval facilities for the repair and maintenance of naval forces, and that no increase shall be made in the coast defences of the territories and possessions above specified. This restriction, however, does not preclude such repair and replacement of worn-out weapons and equipment as is customary in naval and military establishments in time of peace.

Article XX

The rules for determining tonnage displacement prescribed in Chapter II, Part 4, shall apply to the ships of each of the Contracting Powers.

Chapter II.—Rules Relating to the Execution of the Treaty—Definition of Terms

Part 1.—*Capital Ships Which May Be Retained by the Contracting Powers*

In accordance with Article II ships may be retained by each of the Contracting Powers as specified in this Part.

Ships which may be retained by the United States

Name:	*Tonnage*
Maryland	32, 600
California	32, 300
Tennessee	32, 300
Idaho	32, 000
New Mexico	32, 000

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SHIPS WHICH MAY BE RETAINED BY THE UNITED STATES—Continued

Name:	*Tonnage*
Mississippi	32,000
Arizona	31,400
Pennsylvania	31,400
Oklahoma	27,500
Nevada	27,500
New York	27,000
Texas	27,000
Arkansas	26,000
Wyoming	26,000
Florida	21,825
Utah	21,825
North Dakota	20,000
Delaware	20,000
Total tonnage	500,650

On the completion of the two ships of the *West Virginia* class and the scrapping of the *North Dakota* and *Delaware*, as provided in Article II, the total tonnage to be retained by the United States will be 525,850 tons.

SHIPS WHICH MAY BE RETAINED BY THE BRITISH EMPIRE

Name:	*Tonnage*
Royal Sovereign	25,750
Royal Oak	25,750
Revenge	25,750
Resolution	25,750
Ramillies	25,750
Malaya	27,500
Valiant	27,500
Barham	27,500
Queen Elizabeth	27,500
Warspite	27,500
Benbow	25,000
Emperor of India	25,000
Iron Duke	25,000
Marlborough	25,000
Hood	41,200
Renown	26,500
Repulse	26,500
Tiger	28,500
Thunderer	22,500
King George V	23,000
Ajax	23,000
Centurion	23,000
Total tonnage	580,450

On the completion of the two new ships to be constructed and the scrapping of the *Thunderer*, *King George V*, *Ajax* and *Centurion*, as provided in Article II, the total tonnage to be retained by the British Empire will be 558,950 tons.

SHIPS WHICH MAY BE RETAINED BY FRANCE

Name:	Tonnage (metric tons)
Bretagne	23, 500
Lorraine	23, 500
Provence	23, 500
Paris	23, 500
France	23, 500
Jean Bart	23, 500
Courbet	23, 500
Condorcet	18, 890
Diderot	18, 890
Voltaire	18, 890
Total tonnage	221, 170

France may lay down new tonnage in the years 1927, 1929, and 1931, as provided in Part 3, Section II.

SHIPS WHICH MAY BE RETAINED BY ITALY

Name:	Tonnage (metric tons)
Andrea Doria	22, 700
Caio Duilio	22, 700
Conte Di Cavour	22, 500
Giulio Cesare	22, 500
Leonardo Da Vinci	22, 500
Dante Alighieri	19, 500
Roma	12, 600
Napoli	12, 600
Vittorio Emanuele	12, 600
Regina Elena	12, 600
Total tonnage	182, 800

Italy may lay down new tonnage in the years 1927, 1929, and 1931, as provided in Part 3, Section II.

SHIPS WHICH MAY BE RETAINED BY JAPAN

Name:	Tonnag
Mutsu	33, 800
Nagato	33, 800
Hiuga	31, 260
Ise	31, 260
Yamashiro	30, 600
Fu-So	30, 600
Kirishima	27, 500
Haruna	27, 500
Hiyei	27, 500
Kongo	27, 500
Total tonnage	301, 320

PART 2.—*Rules for Scrapping Vessels of War*

The following rules shall be observed for the scrapping of vessels of war which are to be disposed of in accordance with Articles II and III.

I. A vessel to be scrapped must be placed in such condition that it cannot be put to combatant use.

II. This result must be finally effected in any one of the following ways:

(*a*) Permanent sinking of the vessel;

(*b*) Breaking the vessel up. This shall always involve the destruction or removal of all machinery, boilers and armour, and all deck, side and bottom plating;

(*c*) Converting the vessel to target use exclusively. In such case all the provisions of paragraph III of this Part, except sub-paragraph (6), in so far as may be necessary to enable the ship to be used as a mobile target, and except sub-paragraph (7), must be previously complied with. Not more than one capital ship may be retained for this purpose at one time by any of the Contracting Powers.

(*d*) Of the capital ships which would otherwise be scrapped under the present Treaty in or after the year 1931, France and Italy may each retain two sea-going vessels for training purposes exclusively, that is, as gunnery or torpedo schools. The two vessels retained by France shall be of the *Jean Bart* class, and of those retained by Italy one shall be the *Dante Alighieri*, the other of the *Giulio Cesare* class. On retaining these ships for the purpose above stated, France and Italy respectively undertake to remove and destroy their conning-towers, and not to use the said ships as vessels of war.

III. (*a*) Subject to the special exceptions contained in Article IX, when a vessel is due for scrapping, the first stage of scrapping, which consists in rendering a ship incapable of further warlike service, shall be immediately undertaken.

(*b*) A vessel shall be considered incapable of further warlike service when there shall have been removed and landed, or else destroyed in the ship:

(1) All guns and essential portions of guns, fire-control tops and revolving parts of all barbettes and turrets;
(2) All machinery for working hydraulic or electric mountings;
(3) All fire-control instruments and range-finders;
(4) All ammunition, explosives and mines;
(5) All torpedoes, warheads and torpedo tubes;
(6) All wireless telegraphy installations;
(7) The conning tower and all side armour, or alternatively all main propelling machinery; and
(8) All landing and flying-off platforms and all other aviation accessories.

IV. The periods in which scrapping of vessels is to be effected are as follows:

(*a*) In the case of vessels to be scrapped under the first paragraph of Article II, the work of rendering the vessels incapable of further warlike service, in accordance with paragraph III of this Part, shall be completed within six months from the coming into force of the present Treaty, and the scrapping shall be finally effected within eighteen months from such coming into force.

(*b*) In the case of vessels to be scrapped under the second and third paragraphs of Article II, or under Article III, the work of rendering the vessel incapable of further warlike service in accordance with paragraph III of this Part shall be commenced not later than the date of completion of its successor, and shall be finished within six months from the date of such completion. The vessel shall be finally scrapped, in accordance with paragraph II of this Part, within eighteen months from the date of completion of its successor. If, however, the completion of the new vessel be delayed, then the work of rendering the old vessel incapable of further warlike service in accordance with paragraph III of this Part shall be commenced within four years from the laying of the keel of the new vessel, and shall be finished within six months from the date on which such work was commenced, and the old vessel shall be finally scrapped in accordance with paragraph II of this Part within eighteen months from the date when the work of rendering it incapable of further warlike service was commenced.

PART 3.—*Replacement*

The replacement of capital ships and aircraft carriers shall take place according to the rules in Section I and the tables in Section II of this Part.

SECTION I.—RULES FOR REPLACEMENT

(*a*) Capital ships and aircraft carriers twenty years after the date of their completion may, except as otherwise provided in Article VIII and in the tables in Section II of this Part, be replaced by new construction, but within the limits prescribed in Article IV and Article VII. The keels of such new construction may, except as otherwise provided in Article VIII and in the tables in Section II of this Part, be laid down not earlier than seventeen years from the date of completion of the tonnage to be replaced, provided, however, that no capital ship tonnage, with the exception of the ships referred to in the third paragraph of Article II, and the replacement tonnage

specifically mentioned in Section II of this Part, shall be laid down until ten years from November 12, 1921.

(*b*) Each of the Contracting Powers shall communicate promptly to each of the other Contracting Powers the following information:

(1) The names of the capital ships and aircraft carriers to be replaced by new construction;
(2) The date of governmental authorization of replacement tonnage;
(3) The date of laying the keels of replacement tonnage;
(4) The standard displacement in tons and metric tons of each new ship to be laid down, and the principal dimensions, namely, length at waterline, extreme beam at or below waterline, mean draft at standard displacement;
(5) The date of completion of each new ship and its standard displacement in tons and metric tons, and the principal dimensions, namely, length at waterline, extreme beam at or below waterline, mean draft at standard displacement, at time of completion.

(*c*) In case of loss or accidental destruction of capital ships or aircraft carriers, they may immediately be replaced by new construction subject to the tonnage limits prescribed in Articles IV and VII and in conformity with the other provisions of the present Treaty, the regular replacement program being deemed to be advanced to that extent.

(*d*) No retained capital ships or aircraft carriers shall be reconstructed except for the purpose of providing means of defense against air and submarine attack, and subject to the following rules: The Contracting Powers may, for that purpose, equip existing tonnage with bulge or blister or anti-air attack deck protection, providing the increase of displacement thus effected does not exceed 3,000 tons (3,048 metric tons) displacement for each ship. No alterations in side armor, in calibre, number or general type of mounting of main armament shall be permitted except:

(1) in the case of France and Italy, which countries within the limits allowed for bulge may increase their armor protection and the calibre of the guns now carried on their existing capital ships so as not to exceed 16 inches (406 millimeters) and
(2) the British Empire shall be permitted to complete, in the case of the *Renown*, the alterations to armor that have already been commenced but temporarily suspended.

SECTION II

Replacement and Scrapping of Capital Ships

UNITED STATES

Year	Ships laid down	Ships completed	Ships scrapped (age in parentheses)	Ships retained Summary	
				Pre Jutland	Post Jutland
			Maine (20), Missouri (20), Virginia (17), Nebraska (17), Georgia (17), New Jersey (17), Rhode Island (17), Connecticut (17), Louisiana (17), Vermont (16), Kansas (16), Minnesota (16), New Hampshire (15), South Carolina (13), Michigan (13), Washington (0), South Dakota (0), Indiana (0), Montana (0), North Carolina (0), Iowa (0), Massachusetts (0), Lexington (0), Constitution (0), Constellation (0), Saratoga (0), Ranger (0), United States (0).*	17	1
1922	.....	A, B. #..	Delaware (12), North Dakota (12).	15	3
1923	.....	.....	.....	15	3
1924	.....	.....	.....	15	3
1925	.....	.....	.....	15	3
1926	.....	.....	.....	15	3
1927	.....	.....	.....	15	3
1928	.....	.....	.....	15	3
1929	.....	.....	.....	15	3
1930	.....	.....	.....	15	3
1931	C, D....	.....	.....	15	3
1932	E, F.....	.....	.....	15	3
1933	G.....	.....	.....	15	3
1934	H, I.....	C, D....	Florida (23), Utah (23), Wyoming (22).	12	5
1935	J.....	E, F.....	Arkansas (23), Texas (21), New York (21).	9	7
1936	K, L....	G.....	Nevada (20), Oklahoma (20).	7	8
1937	M.....	H, I.....	Arizona (21), Pennsylvania (21).	5	10
1938	N, O....	J.....	Mississippi (21).....	4	11
1939	P, Q.....	K, L....	New Mexico (21), Idaho (20).	2	13
1940	.....	M.....	Tennessee (20).....	1	14
1941	.....	N, O....	California (20), Maryland (20).	0	15
1942	.....	P, Q.....	2 ships West Virginia class...	0	15

* The United States may retain the *Oregon* and *Illinois*, for noncombatant purposes, after complying with the provisions of Part 2, III, (*b*).
\# Two *West Virginia* class.

Note.—A, B, C, D, etc., represent individual capital ships of 35,000 tons standard displacement, laid down and completed in the years specified.

REPLACEMENT AND SCRAPPING OF CAPITAL SHIPS—Continued

BRITISH EMPIRE

Year	Ships laid down	Ships completed	Ships scrapped (age in parentheses)	Ships retained Summary	
				Pre Jutland	Post Jutland
			Commonwealth (16), Agamemnon (13), Dreadnought (15), Bellerophon (12), St. Vincent (11), Inflexible (13), Superb (12), Neptune (10), Hercules (10), Indomitable (13), Temeraire (12), New Zealand (9), Lion (9), Princess Royal (9), Conquerer (9), Monarch (9), Orion (9), Australia (8), Agincourt (7), Erin (7), 4 building or projected.*	21	1
1922	A. B #	.....	.....	21	1
1923	.....	.....	.....	21	1
1924	.....	.....	.....	21	1
1925	.....	A. B.	King George V (13), Ajax (12), Centurion (12), Thunderer (13).	17	3
1926	.....	.....	.....	17	3
1927	.....	.....	.....	17	3
1928	.....	.....	.....	17	3
1929	.....	.....	.....	17	3
1930	.....	.....	.....	17	3
1931	C. D.	.....	.....	17	3
1932	E. F.	.....	.....	17	3
1933	G.	.....	.....	17	3
1934	H. I.	C. D.	Iron Duke (20), Marlborough (20), Emperor of India (20), Benbow (20).	13	5
1935	J.	E. F.	Tiger (21), Queen Elizabeth (20), Warspite (20), Barham (20).	9	7
1936	K. L.	G.	Malaya (20), Royal Sovereign (20).	7	8
1937	M.	H. I.	Revenge (21), Resolution (21).	5	10
1938	N. O.	J.	Royal Oak (22)	4	11
1939	P. Q.	K. L.	Valiant (23), Repulse (23).	2	13
1940	.....	M.	Renown (24)	1	14
1941	.....	N. O.	Ramillies (24), Hood (21).	0	15
1942	.....	P. Q.	A (17), B (17)	0	15

*The British Empire may retain the *Colossus* and *Collingwood* for noncombatant purposes, after complying with the provisions of Part 2, III, (*b*).
#Two 35,000-ton ships, standard displacement.

NOTE.—A, B, C, D, etc., represent individual capital ships of 35,000 tons standard displacement laid down and completed in the years specified.

Replacement and Scrapping of Capital Ships—Continued

FRANCE

Year	Ships laid down	Ships completed	Ships scrapped (age in parentheses)	Ships retained Summary	
				Pre Jutland	Post Jutland
1922	.....	.....	.....	7	0
1923	.....	.....	.....	7	0
1924	.....	.....	.....	7	0
1925	.....	.....	.....	7	0
1926	.....	.....	.....	7	0
1927	35,000 tons.	.....	.....	7	0
1928	.....	.....	.....	7	0
1929	35,000 tons.	.....	.....	7	0
1930	.....	35,000 tons.	Jean Bart (17), Courbet (17).	5	(*)
1931	35,000 tons.	.....	.....	5	(*)
1932	35,000 tons.	35,000 tons.	France (18)	4	(*)
1933	35,000 tons.	.....	.....	4	(*)
1934	.....	35,000 tons.	Paris (20), Bretagne (20).	2	(*)
1935	.....	35,000 tons.	Provence (20)	1	(*)
1936	.....	35,000 tons.	Lorraine (20).....	0	(*)
1937	.....	.....	.....	0	(*)
1938	.....	.....	.....	0	(*)
1939	.....	.....	.....	0	(*)
1940	.....	.....	.....	0	(*)
1941	.....	.....	.....	0	(*)
1942	.....	.....	.....	0	(*)

*Within tonnage limitations; number not fixed.

Note.—France expressly reserves the right of employing the capital ship tonnage allotment as she may consider advisable, subject solely to the limitations that the displacement of individual ships should not surpass 35,000 tons, and that the total capital ship tonnage should keep within the limits imposed by the present Treaty.

REPLACEMENT AND SCRAPPING OF CAPITAL SHIPS—Continued

ITALY

Year	Ships laid down	Ships completed	Ships scrapped (age in parentheses)	Ships retained—Summary	
				Pre Jutland	Post Jutland
1922	.....	.....	.....	6	0
1923	.....	.....	.....	6	0
1924	.....	.....	.....	6	0
1925	.....	.....	.....	6	0
1926	.....	.....	.....	6	0
1927	35,000 tons.	.....	.....	6	0
1928	.....	.....	.....	6	0
1929	35,000 tons.	.....	.....	6	0
1930	.....	.....	.....	6	0
1931	35,000 tons.	35,000 tons.	Dante Alighieri (19).....	5	(*)
1932	45,000 tons.	.....	.....	5	(*)
1933	25,000 tons.	35,000 tons.	Leonardo da Vinci (19)..	4	(*)
1934	.....	.....	.....	4	(*)
1935	.....	35,000 tons.	Guilio Cesare [42] (21)....	3	(*)
1936	.....	45,000 tons.	Conte di Cavour (21), Duilio (21).	1	(*)
1937	.....	25,000 tons.	Andrea Doria (21).....	0	(*)

*Within tonnage limitations; number not fixed.

NOTE.—Italy expressly reserves the right of employing the capital ship tonnage allotment as she may consider advisable, subject solely to the limitations that the displacement of individual ships should not surpass 35,000 tons, and the total capital ship tonnage should keep within the limits imposed by the present Treaty.

[42] Should read "Giulio Cesare."

REPLACEMENT AND SCRAPPING OF CAPITAL SHIPS—Continued

JAPAN

Year	Ships laid down	Ships completed	Ships scrapped (age in parentheses)	Ships retained Summary	
				Pre Jutland	Post Jutland
			Hizen (20), Mikasa (20), Kashima (16), Katori (16), Satsuma (12), Aki (11), Settsu (10), Ikoma (14), Ibuki (12), Kurama (11), Amagi (0), Akagi (0), Kaga (0), Tosa (0), Takao (0), Atago (0). Projected program 8 ships not laid down.*	8	2
1922	.....	.....	.....	8	2
1923	.....	.....	.....	8	2
1924	.....	.....	.....	8	2
1925	.....	.....	.....	8	2
1926	.....	.....	.....	8	2
1927	.....	.....	.....	8	2
1928	.....	.....	.....	8	2
1929	.....	.....	.....	8	2
1930	.....	.....	.....	8	2
1931	A.....	.....	.....	8	2
1932	B.....	.....	.....	8	2
1933	C.....	.....	.....	8	2
1934	D.....	A.....	Kongo (21)	7	3
1935	E.....	B.....	Hiyei (21), Haruna (20).....	5	4
1936	F.....	C.....	Kirishima (21)	4	5
1937	G.....	D.....	Fuso (22).....	3	6
1938	H.....	E.....	Yamashiro (21).....	2	7
1939	I.....	F.....	Ise (22).....	1	8
1940	.....	G.....	Hiuga (22).....	0	9
1941	.....	H.....	Nagato (21).....	0	9
1942	.....	I.....	Mutsu (21)	0	9

*Japan may retain the *Shikishima* and *Asahi* for noncombatant purposes, after complying with the provisions of Part 2, III, (*b*).

NOTE.—A, B, C, D, etc., represent individual capital ships of 35,000 tons standard displacement, laid down and completed in the years specified.

NOTE APPLICABLE TO ALL THE TABLES IN SECTION II

The order above prescribed in which ships are to be scrapped is in accordance with their age. It is understood that when replacement begins according to the above tables the order of scrapping in the case of the ships of each of the Contracting Powers may be varied at its option; provided, however, that such Power shall scrap in each year the number of ships above stated.

PART 4.—*Definitions*

For the purposes of the present Treaty, the following expressions are to be understood in the sense defined in this Part.

CAPITAL SHIP

A capital ship, in the case of ships hereafter built, is defined as a vessel of war, not an aircraft carrier, whose displacement exceeds 10,000 tons (10,160 metric tons) standard displacement, or which carries a gun with a calibre exceeding 8 inches (203 millimetres).

AIRCRAFT CARRIER

An aircraft carrier is defined as a vessel of war with a displacement in excess of 10,000 tons (10,160 metric tons) standard displacement designed for the specific and exclusive purpose of carrying aircraft. It must be so constructed that aircraft can be launched therefrom and landed thereon, and not designed and constructed for carrying a more powerful armament than that allowed to it under Article IX or Article X as the case may be.

STANDARD DISPLACEMENT

The standard displacement of a ship is the displacement of the ship complete, fully manned, engined, and equipped ready for sea, including all armament and ammunition, equipment, outfit, provisions and fresh water for crew, miscellaneous stores and implements of every description that are intended to be carried in war, but without fuel or reserve feed water on board.

The word "ton" in the present Treaty, except in the expression "metric tons", shall be understood to mean the ton of 2240 pounds (1016 kilos).

Vessels now completed shall retain their present ratings of displacement tonnage in accordance with their national system of measurement. However, a Power expressing displacement in metric tons shall be considered for the application of the present Treaty as owning only the equivalent displacement in tons of 2240 pounds.

A vessel completed hereafter shall be rated at its displacement tonnage when in the standard condition defined herein.

Chapter III.—Miscellaneous Provisions

Article XXI

If during the term of the present Treaty the requirements of the national security of any Contracting Power in respect of naval defence are, in the opinion of that Power, materially affected by any change of circumstances, the Contracting Powers will, at the request of such Power, meet in conference with a view to the reconsideration of the provisions of the Treaty and its amendment by mutual agreement.

In view of possible technical and scientific developments, the United States, after consultation with the other Contracting Powers, shall arrange for a conference of all the Contracting Powers which shall convene as soon as possible after the expiration of eight years from the coming into force of the present Treaty to consider what changes, if any, in the Treaty may be necessary to meet such developments.

Article XXII

Whenever any Contracting Power shall become engaged in a war which in its opinion affects the naval defence of its national security, such Power may after notice to the other Contracting Powers suspend for the period of hostilities its obligations under the present Treaty other than those under Articles XIII and XVII, provided that such Power shall notify the other Contracting Powers that the emergency is of such a character as to require such suspension.

The remaining Contracting Powers shall in such case consult together with a view to agreement as to what temporary modifications if any should be made in the Treaty as between themselves. Should such consultation not produce agreement, duly made in accordance with the constitutional methods of the respective Powers, any one of said Contracting Powers may, by giving notice to the other Contracting Powers, suspend for the period of hostilities its obligations under the present Treaty, other than those under Articles XIII and XVII.

On the cessation of hostilities the Contracting Powers will meet in conference to consider what modifications, if any, should be made in the provisions of the present Treaty.

Article XXIII

The present Treaty shall remain in force until December 31st, 1936, and in case none of the Contracting Powers shall have given notice two years before that date of its intention to terminate the Treaty, it shall continue in force until the expiration of two years from the date on which notice of termination shall be given by one of the Contracting Powers, whereupon the Treaty shall terminate as regards all the Contracting Powers. Such notice shall be communicated in writing to the Government of the United States, which shall immediately transmit a certified copy of the notification to the other Powers and inform them of the date on which it was received. The notice shall be deemed to have been given and shall take effect on that date. In the event of notice of termination being given by the Government of the United States, such notice shall be given to the diplomatic representatives at Washington of the other Contracting Powers, and the notice shall be deemed to have been given

and shall take effect on the date of the communication made to the said diplomatic representatives.

Within one year of the date on which a notice of termination by any Power has taken effect, all the Contracting Powers shall meet in conference.

Article XXIV

The present Treaty shall be ratified by the Contracting Powers in accordance with their respective constitutional methods and shall take effect on the date of the deposit of all the ratifications, which shall take place at Washington as soon as possible. The Government of the United States will transmit to the other Contracting Powers a certified copy of the *procès-verbal* of the deposit of ratifications.

The present Treaty, of which the French and English texts are both authentic, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to the other Contracting Powers.

IN FAITH WHEREOF the above-named Plenipotentiaries have signed the present Treaty.

DONE at the City of Washington the sixth day of February, One Thousand Nine Hundred and Twenty-Two.

[SEAL] CHARLES EVANS HUGHES
[SEAL] HENRY CABOT LODGE
[SEAL] OSCAR W UNDERWOOD
[SEAL] ELIHU ROOT
[SEAL] ARTHUR JAMES BALFOUR
[SEAL] LEE OF FAREHAM
[SEAL] A. C. GEDDES
R. L. BORDEN [SEAL]
G. F. PEARCE [SEAL]
JOHN W SALMOND [SEAL]
ARTHUR JAMES BALFOUR [SEAL]
V S SRINIVASA SASTRI [SEAL]
A SARRAUT [SEAL]
JUSSERAND [SEAL]
CARLO SCHANZER [SEAL]
[SEAL] V. ROLANDI RICCI
[SEAL] LUIGI ALBERTINI
[SEAL] T. KATO
[SEAL] K. SHIDEHARA
[SEAL] M. HANIHARA

The Treaty Relating to the Use of Submarines and Noxious Gases in Warfare

Unperfected Treaty No. R–6

Treaty between the United States of America, the British Empire, France, Italy, and Japan, Signed at Washington, February 6, 1922 [43]

The United States of America, the British Empire, France, Italy and Japan, hereinafter referred to as the Signatory Powers, desiring to make more effective the rules adopted by civilized nations for the protection of the lives of neutrals and noncombatants at sea in time of war, and to prevent the use in war of noxious gases and chemicals, have determined to conclude a Treaty to this effect, and have appointed as their Plenipotentiaries:

The President of the United States of America:
Charles Evans Hughes,
Henry Cabot Lodge,
Oscar W. Underwood,
Elihu Root,
citizens of the United States;

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India;
The Right Honourable Arthur James Balfour, O. M., M. P., Lord President of His Privy Council;
The Right Honourable Baron Lee of Fareham, G. B. E., K. C. B., First Lord of His Admiralty;
The Right Honourable Sir Auckland Campbell Geddes, K. C. B., His Ambassador Extraordinary and Plenipotentiary to the United States of America;

and

for the Dominion of Canada:
The Right Honourable Sir Robert Laird Borden, G. C. M. G., K. C.;

for the Commonwealth of Australia:
Senator, the Right Honourable George Foster Pearce, Minister for Home and Territories;

for the Dominion of New Zealand:
The Honourable Sir John William Salmond, K. C., Judge of the Supreme Court of New Zealand;

for the Union of South Africa:
The Right Honourable Arthur James Balfour, O. M., M. P.;

for India:
The Right Honourable Valingman Sankaranarayana Srinivasa Sastri, Member of the Indian Council of State;

[43] In French and English; French text not printed. Ratification advised by the Senate, Mar. 29, 1922; ratified by the President, June 9, 1923. Inasmuch as the French Government did not ratify the treaty, ratifications of the signatory powers have not been deposited and the treaty has not become effective.

The President of the French Republic:
Mr. Albert Sarraut, Deputy, Minister of the Colonies;
Mr. Jules J. Jusserand, Ambassador Extraordinary and Plenipotentiary to the United States of America, Grand Cross of the National Order of the Legion of Honour;

His Majesty the King of Italy:
The Honourable Carlo Schanzer, Senator of the Kingdom;
The Honourable Vittorio Rolandi Ricci, Senator of the Kingdom, His Ambassador Extraordinary and Plenipotentiary at Washington;
The Honourable Luigi Albertini, Senator of the Kingdom;

His Majesty the Emperor of Japan:
Baron Tomosaburo Kato, Minister for the Navy, Junii, a member of the First Class of the Imperial Order of the Grand Cordon of the Rising Sun with the Paulownia Flower;
Baron Kijuro Shidehara, His Ambassador Extraordinary and Plenipotentiary at Washington, Joshii, a member of the First Class of the Imperial Order of the Rising Sun;
Mr. Masanao Hanihara, Vice Minister for Foreign Affairs, Jushii, a member of the Second Class of the Imperial Order of the Rising Sun;

Who, having communicated their Full Powers, found in good and due form, have agreed as follows:

ARTICLE I

The Signatory Powers declare that among the rules adopted by civilized nations for the protection of the lives of neutrals and non-combatants at sea in time of war, the following are to be deemed an established part of international law;

(1) A merchant vessel must be ordered to submit to visit and search to determine its character before it can be seized.

A merchant vessel must not be attacked unless it refuse to submit to visit and search after warning, or to proceed as directed after seizure.

A merchant vessel must not be destroyed unless the crew and passengers have been first placed in safety.

(2) Belligerent submarines are not under any circumstances exempt from the universal rules above stated; and if a submarine can not capture a merchant vessel in conformity with these rules the existing law of nations requires it to desist from attack and from seizure and to permit the merchant vessel to proceed unmolested.

ARTICLE II

The Signatory Powers invite all other civilized Powers to express their assent to the foregoing statement of established law so that

there may be a clear public understanding throughout the world of the standards of conduct by which the public opinion of the world is to pass judgment upon future belligerents.

Article III

The Signatory Powers, desiring to insure the enforcement of the humane rules of existing law declared by them with respect to attacks upon and the seizure and destruction of merchant ships, further declare that any person in the service of any Power who shall violate any of those rules, whether or not such person is under orders of a governmental superior, shall be deemed to have violated the laws of war and shall be liable to trial and punishment as if for an act of piracy and may be brought to trial before the civil or military authorities of any Power within the jurisdiction of which he may be found.

Article IV

The Signatory Powers recognize the practical impossibility of using submarines as commerce destroyers without violating, as they were violated in the recent war of 1914–1918, the requirements universally accepted by civilized nations for the protection of the lives of neutrals and noncombatants, and to the end that the prohibition of the use of submarines as commerce destroyers shall be universally accepted as a part of the law of nations they now accept that prohibition as henceforth binding as between themselves and they invite all other nations to adhere thereto.

Article V

The use in war of asphyxiating, poisonous or other gases, and all analogous liquids, materials or devices, having been justly condemned by the general opinion of the civilized world and a prohibition of such use having been declared in treaties to which a majority of the civilized powers are parties,

The Signatory Powers, to the end that this prohibition shall be universally accepted as a part of international law binding alike the conscience and practice of nations, declare their assent to such prohibition, agree to be bound thereby as between themselves and invite all other civilized nations to adhere thereto.

Article VI

The present Treaty shall be ratified as soon as possible in accordance with the constitutional methods of the Signatory Powers and shall take effect on the deposit of all the ratifications, which shall take place at Washington.

The Government of the United States will transmit to all the Signatory Powers a certified copy of the *procès-verbal* of the deposit of ratifications.

The present Treaty, of which the French and English texts are both authentic, shall remain deposited in the Archives of the Government of the United States, and duly certified copies thereof will be transmitted by that Government to each of the Signatory Powers.

ARTICLE VII

The Government of the United States will further transmit to each of the Non-Signatory Powers a duly certified copy of the present Treaty and invite its adherence thereto.

Any Non-Signatory Power may adhere to the present Treaty by communicating an Instrument of Adherence to the Government of the United States, which will thereupon transmit to each of the Signatory and Adhering Powers a certified copy of each Instrument of Adherence.

IN FAITH WHEREOF, the above named Plenipotentiaries have signed the present Treaty.

DONE at the City of Washington, the sixth day of February, one thousand nine hundred and twenty-two.

[SEAL] CHARLES EVANS HUGHES
[SEAL] HENRY CABOT LODGE
[SEAL] OSCAR W UNDERWOOD
[SEAL] ELIHU ROOT
[SEAL] ARTHUR JAMES BALFOUR
[SEAL] LEE OF FAREHAM
[SEAL] A. C. GEDDES
R. L. BORDEN [SEAL]
G. F. PEARCE [SEAL]
JOHN W SALMOND [SEAL]
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A SARRAUT [SEAL]
JUSSERAND [SEAL]
CARLO SCHANZER [SEAL]
[SEAL] V. ROLANDI RICCI
[SEAL] LUIGI ALBERTINI
[SEAL] T. KATO
[SEAL] K. SHIDEHARA
[SEAL] M. HANIHARA

The Nine-Power Treaties Relating to China

500.A4a/162

Draft by Mr. Balfour, of the British Delegation, of a Treaty between the British Empire, China, France, Japan, and the United States of America[44]

(*Second Revise.*)

The Governments of the British Empire, China, France, Japan and the United States of America have agreed upon the stipulations set forth below, having the following objects:—

(*a*) The consolidation and maintenance of the general peace in Eastern Asia:
(*b*) The preservation of the independence and integrity of the Chinese Republic:
(*c*) The application of the principle of equal opportunity for the commerce and industry of all nations in China:
(*d*) The substitution of international co-operation for international rivalry in China:—

Article I

It is agreed that whenever, in the opinion of the High Contracting Parties, any of the objects referred to in the preamble of this Agreement are in jeopardy, the five Governments will communicate with one another fully and frankly and will consider in common the measures which should be taken to safeguard their menaced rights or interests.

Article II

The High Contracting Parties agree that they will in no circumstances take independent action for the protection of their interests in Eastern Asia by the employment of naval, military or aerial forces, without previously consulting the other High Contracting Parties as to the desirability of taking such measures, save in cases where life and property are endangered.

Article III

Every contract and arrangement involving financial liability between the Central Chinese Governments and/or the Provisional Chinese Governments and the High Contracting Parties and/or their nationals and/or the agents of their nationals shall be communicated to all the High Contracting Powers, and no such contract or arrangement shall be binding until so communicated.

[44] Handed to the Secretary of State by Mr. Balfour during their conversation of Nov. 11, 1921; see memorandum p. 1.

ARTICLE IV

The diplomatic representatives of the High Contracting Parties at Peking shall be vested with the executive authority of carrying out this Agreement.

ARTICLE V

The High Contracting Parties recognise the desirability of arranging for periodical meetings between their duly accredited representatives for the discussion of the practical means best calculated to secure the objects aimed at under the present Agreement.

ARTICLE VI

The High Contracting Parties agree that they will not, without consulting one another, enter into separate Agreements with another Power or Powers to the prejudice of the objects described in the preamble to this Agreement.

[WASHINGTON,] *November 7, 1921.*

Statement Made by Mr. Sze, of the Chinese Delegation, at the First Meeting of the Committee on Pacific and Far Eastern Questions, November 16, 1921 [45]

In view of the fact that China must necessarily play an important part in the deliberations of this Conference with reference to the political situation in the Far East, the Chinese Delegation has thought it proper that they should take the first possible opportunity to state certain general principles which, in their opinion, should guide the Conference in the determinations which it is to make. Certain of the specific applications of the principles which it is expected that the Conference will make, it is our intention later to bring forward, but at the present time it is deemed sufficient simply to propose the principles which I shall presently read.

In formulating these principles, the purpose has been kept steadily in view of obtaining rules in accordance with which existing and possible future political and economic problems in the Far East and the Pacific may be most justly settled and with due regard to the rights and legitimate interests of all the Powers concerned. Thus it has been sought to harmonize the particular interests of China with the general interests of the world. China is anxious to play her part, not only in maintaining peace, but in promoting the material advancement and the cultural development of all the nations. She wishes to make her

[45] Reprinted from *Conference on the Limitation of Armament*, p. 866.

vast natural resources available to all peoples who need them, and in return to receive the benefits of free and equal intercourse with them. In order that she may do this, it is necessary that she should have every possible opportunity to develop her political institutions in accordance with the genius and needs of her own people. China is now contending with certain difficult problems which necessarily arise when any country makes a radical change in its form of Government. These problems she will be able to solve if given the opportunity to do so. This means not only that she should be freed from the danger or threat of foreign aggression, but that so far as circumstances will possibly permit, she be relieved from limitations which now deprive her of autonomous administrative action and prevent her from securing adequate public revenues.

In conformity with the Agenda of the Conference, the Chinese Government proposes for the consideration of and adoption by the Conference the following general principles to be applied in the determination of the questions relating to China:

1. (*a*) The Powers engage to respect and observe the territorial integrity and political and administrative independence of the Chinese Republic.

(*b*) China upon her part is prepared to give an undertaking not to alienate or lease any portion of her territory or littoral to any Power.

2. China, being in full accord with the principle of the so-called open door or equal opportunity for the commerce and industry of all nations having treaty relations with China, is prepared to accept and apply it in all parts of the Chinese Republic without exception.

3. With a view to strengthening mutual confidence and maintaining peace in the Pacific and Far East, the Powers agree not to conclude between themselves any treaty or agreement directly affecting China or the general peace in these regions without previously notifying China and giving to her an opportunity to participate.

4. All special rights, privileges, immunities or commitments, whatever their character or contractual basis, claimed by any of the Powers in or relating to China are to be declared, and all such or future claims not so made known are to be deemed null and void. The rights, privileges, immunities and commitments, now known or to be declared, are to be examined with a view to determining their scope and validity and, if valid, to harmonizing them with one another and with the principles declared by this Conference.

5. Immediately or as soon as circumstances will permit, existing limitations upon China's political, jurisdictional and administrative freedom of action are to be removed.

6. Reasonable, definite terms of duration are to be attached to China's present commitments which are without time limits.

7. In the interpretation of instruments granting special rights or privileges, the well established principle of construction that such grants shall be strictly construed in favor of the grantors, is to be observed.

8. China's rights as a neutral are to be fully respected in future wars to which she is not a party.

9. Provision is to be made for the peaceful settlement of international disputes in the Pacific and the Far East.

10. Provision is to be made for future Conferences to be held from time to time for the discussion of international questions relative to the Pacific and the Far East, as a basis for the determination of common policies of the Signatory Powers in relation thereto.

500.A4/286 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase—Extract [49]]

TOKYO, *November 17, 1921—9 p.m.*

[Received 11 p.m.]

390. . . .

I informed Prime Minister Takahashi that I had talked with Hara [50] about China and Siberia, and I asked if any new instructions on Far Eastern questions would be given. He said no, that he agreed with Hara's policies, that he was prepared to make an agreement for free and equal opportunity for trade in China, wanted to assist in helping her, and in general favored the open-door policy and would agree to put practical inauguration of the principle into effect. I asked if he felt there would be much difficulty in finding a common policy on Far Eastern problems and he said no. His thoughts constantly turned toward the financial aspect. He mentioned the great saving to be brought about by the sweeping character of the proposals and stated that he would be [pleased?] if economic questions would be considered after the other problems were disposed of. He talked at length on these questions.

. . . . . .

WARREN

500.A41a/74a : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *December 7, 1921—4 p. m.*

319. Internal differences which have arisen within the Chinese delegation cause grave concern to the friends of China. During

[49] Paraphrase of the entire telegram is printed on p. 61.

[50] Takashi Hara, formerly Japanese Prime Minister.

the earlier part of the Conference their reasonable attitude had aroused the admiration of the public and of the other delegations, but a regrettable change has recently become manifest. Partly doubtless as a result of pressure from home and possibly through bad advice based on lack of knowledge of the full facts, certain members of the delegation have taken the attitude that no accommodation or compromise can be considered even in unimportant matters.

Tyau's[51] resignation . . . and Wang's[52] threat to resign unless there is a more uncompromising attitude, have limited the freedom of action of Sze[53] and Koo[54] in presenting the case of China in a way to take the greatest advantage of opportunities, and consequently have restricted their usefulness as representatives of China's interests.

If the Chinese Government and influential public bodies in China should withdraw support from these delegates and force them in self-defense to abandon an attitude of helpfulness and conciliation for one of uncompromising obstruction, the result would be to dissipate the sympathy and confidence they have thus far commanded, and react very unfavorably upon the work of the Conference in general and more particularly upon China's position.

You may discreetly use this information as a suitable occasion offers, and make clear the very real danger that a policy of insisting obstinately upon impractical points of view may defeat the hopes of China and of China's friends that the Conference may help in ameliorating some at least of the existing unfortunate conditions.

HUGHES

500.A41a/77 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *December 11, 1921—6 p. m.*
[Received December 11—1 p. m.]

443. Your December 7, 4 p. m. At flood-relief ball in Foreign Office last night I found suitable occasion to talk to Minister for Foreign Affairs. I said China might gain more than any other nation from Conference but was throwing away opportunity by unreasonable and unaccommodating attitude of the delegation, on their serious [*sic*] and their failure to discriminate between what was important and unimportant, practical and impractical. I said

[51] Philip K. C. Tyau, secretary general of the Chinese delegation.
[52] Chung-Hui Wang, Chinese delegate, and Chief Justice of the Supreme Court.
[53] Sao-Ke Alfred Sze, Chinese delegate, and Minister at Washington.
[54] V. K. Wellington Koo, Chinese delegate, and Minister in Great Britain.

sentiment of Chinese people here was drowned by utterances of unpractical agitators and referred to coming student procession to his office on 12th and intimated Washington delegation was unduly influenced by such one-sided manifestations. I added America wanted to help China and China was now making it impossible. I said it was of the utmost importance that Government and people should support Sze and Koo in their moderate and conciliatory attitude.

Minister for Foreign Affairs replied Government would support Sze and Koo and would insist entire delegation should play the game. He claimed, however, little had so far resulted from the Conference for the benefit of China, even the abolition of foreign post offices being loaded with conditions. He said he had recently told Obata [55] that Tsingtau–Tsinan Railway must be turned over entirely to China or there could be no settlement Shantung question and Obata had said he would telegraph it to Tokio. He also referred to proposed quadruple entente [56] and said the President had recently pointed out to him that the chief beneficiary would be Japan, the next England and the last America who would simply find her hands tied. China suspect[s] quadruple entente still more strongly than consortium [57] in which at any rate America would have large influence because she would supply so much of the capital.

At the close I again earnestly urged importance unified Chinese delegation and practical, reasonable and conciliatory attitude on their part warning otherwise of danger of their sacrificing Chinese interests.

SCHURMAN

Treaty Series No. 723

Treaty between the United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands, and Portugal, Signed at Washington February 6, 1922 [58]

The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal:

Desiring to adopt a policy designed to stabilize conditions in the Far East, to safeguard the rights and interests of China, and to promote intercourse between China and the other Powers upon the basis of equality of opportunity;

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[55] Yukichi Obata, Japanese Minister in China.
[56] For papers relating to this subject, see pp. 1 ff.
[57] For papers relating to this subject, see pp. 761 ff.
[58] In English and French; French text not printed. Ratification advised by the Senate, Mar. 30, 1922; ratified by the President, June 9, 1923; instruments of ratification deposited at Washington, Aug. 5, 1925; proclaimed, Aug. 5, 1925.

Have resolved to conclude a treaty for that purpose and to that end have appointed as their respective Plenipotentiaries;

The President of the United States of America:
Charles Evans Hughes,
Henry Cabot Lodge,
Oscar W. Underwood,
Elihu Root,
citizens of the United States;

His Majesty the King of the Belgians:
Baron de Cartier de Marchienne, Commander of the Order of Leopold and of the Order of the Crown, His Ambassador Extraordinary and Plenipotentiary at Washington;

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India:
The Right Honourable Arthur James Balfour, O. M., M. P., Lord President of His Privy Council;
The Right Honourable Baron Lee of Fareham, G. B. E., K. C. B., First Lord of His Admiralty;
The Right Honourable Sir Auckland Campbell Geddes, K. C. B., His Ambassador Extraordinary and Plenipotentiary to the United States of America;

and

for the Dominion of Canada:
The Right Honourable Sir Robert Laird Borden, G. C. M. G., K. C.;

for the Commonwealth of Australia:
Senator the Right Honourable George Foster Pearce, Minister for Home and Territories;

for the Dominion of New Zealand:
The Honourable Sir John William Salmond, K. C., Judge of the Supreme Court of New Zealand;

for the Union of South Africa:
The Right Honourable Arthur James Balfour, O. M., M. P.;

for India:
The Right Honourable Valingman Sankaranarayana Srinivasa Sastri, Member of the Indian Council of State;

The President of the Republic of China:
Mr. Sao-Ke Alfred Sze, Envoy Extraordinary and Minister Plenipotentiary at Washington;
Mr. V. K. Wellington Koo, Envoy Extraordinary and Minister Plenipotentiary at London;
Mr. Chung-Hui Wang, former Minister of Justice.

The President of the French Republic:
Mr. Albert Sarraut, Deputy, Minister of the Colonies;
Mr. Jules J. Jusserand, Ambassador Extraordinary and Plenipotentiary to the United States of America, Grand Cross of the National Order of the Legion of Honour;

His Majesty the King of Italy:
The Honourable Carlo Schanzer, Senator of the Kingdom;
The Honourable Vittorio Rolandi Ricci, Senator of the Kingdom, His Ambassador Extraordinary and Plenipotentiary at Washington;
The Honourable Luigi Albertini, Senator of the Kingdom;

His Majesty the Emperor of Japan:
Baron Tomosaburo Kato, Minister for the Navy, Junii, a member of the First Class of the Imperial Order of the Grand Cordon of the Rising Sun with the Paulownia Flower;
Baron Kijuro Shidehara, His Ambassador Extraordinary and Plenipotentiary at Washington, Joshii, a member of the First Class of the Imperial Order of the Rising Sun;
Mr. Masanao Hanihara, Vice Minister for Foreign Affairs, Jushii, a member of the Second Class of the Imperial Order of the Rising Sun;

Her Majesty the Queen of The Netherlands:
Jonkheer Frans Beelaerts van Blokland, Her Envoy Extraordinary and Minister Plenipotentiary;
Jonkheer Willem Hendrik de Beaufort, Minister Plenipotentiary, Chargé d'Affaires at Washington;

The President of the Portuguese Republic:
Mr. José Francisco de Horta Machado da Franca, Viscount d'Alte, Envoy Extraordinary and Minister Plenipotentiary at Washington;
Mr. Ernesto Julio de Carvalho e Vasconcelos,[59] Captain of the Portuguese Navy, Technical Director of the Colonial Office.

Who, having communicated to each other their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

The Contracting Powers, other than China, agree:

(1) To respect the sovereignty, the independence, and the territorial and administrative integrity of China;

(2) To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;

(3) To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;

(4) To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the

[59] Should read "Vasconcellos".

rights of subjects or citizens of friendly States,[60] and from countenancing action inimical to the security of such States.

ARTICLE II

The Contracting Powers agree not to enter into any treaty, agreement, arrangement, or understanding, either with one another, or, individually or collectively, with any Power or Powers, which would infringe or impair the principles stated in Article I.

ARTICLE III

With a view to applying more effectually the principles of the Open Door or equality of opportunity in China for the trade and industry of all nations, the Contracting Powers, other than China, agree that they will not seek, nor support their respective nationals in seeking—

(a) any arrangement which might purport to establish in favour of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China;

(b) any such monopoly or preference as would deprive the nationals of any other Power of the right of undertaking any legitimate trade or industry in China, or of participating with the Chinese Government, or with any local authority, in any category of public enterprise, or which by reason of its scope, duration or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.

It is understood that the foregoing stipulations of this Article are not to be so construed as to prohibit the acquisition of such properties or rights as may be necessary to the conduct of a particular commercial, industrial, or financial undertaking or to the encouragement of invention and research.

China undertakes to be guided by the principles stated in the foregoing stipulations of this Article in dealing with applications for economic rights and privileges from Governments and nationals of all foreign countries, whether parties to the present Treaty or not.

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[60] An explanation of the drafting of this passage was given by Mr. Hughes during a conversation on Apr. 4, 1932, with Mr. Henry L. Stimson, then Secretary of State, and is recorded by Mr. Stimson in part as follows:

"Root . . . drafted the Nine Power Treaty. In the course of that Hughes produced the secret promise made by Japan as part of the Lansing-Ishii arrangement that she would not interfere with other nations in China and without saying anything to anybody this secret agreement was put into the Root draft. . . . It became verbatim the corresponding obligation in the Nine Power Treaty." (File no. 500.A4d/240½.)

Papers relating to the cancelation of the Lansing-Ishii Agreement are printed in vol. II, pp. 591 ff.

ARTICLE IV

The Contracting Powers agree not to support any agreements by their respective nationals with each other designed to create Spheres of Influence or to provide for the enjoyment of mutually exclusive opportunities in designated parts of Chinese territory.

ARTICLE V

China agrees that, throughout the whole of the railways in China, she will not exercise or permit unfair discrimination of any kind. In particular there shall be no discrimination whatever, direct or indirect, in respect of charges or of facilities on the ground of the nationality of passengers or the countries from which or to which they are proceeding, or the origin or ownership of goods or the country from which or to which they are consigned, or the nationality or ownership of the ship or other means of conveying such passengers or goods before or after their transport on the Chinese Railways.

The Contracting Powers, other than China, assume a corresponding obligation in respect of any of the aforesaid railways over which they or their nationals are in a position to exercise any control in virtue of any concession, special agreement or otherwise.

ARTICLE VI

The Contracting Powers, other than China, agree fully to respect China's rights as a neutral in time of war to which China is not a party; and China declares that when she is a neutral she will observe the obligations of neutrality.

ARTICLE VII

The Contracting Powers agree that, whenever a situation arises which in the opinion of any one of them involves the application of the stipulations of the present Treaty, and renders desirable discussion of such application, there shall be full and frank communication between the Contracting Powers concerned.

ARTICLE VIII

Powers not signatory to the present Treaty, which have Governments recognized by the Signatory Powers and which have treaty relations with China, shall be invited to adhere to the present Treaty. To this end the Government of the United States will make the necessary communications to nonsignatory Powers and will inform the Contracting Powers of the replies received. Adherence by any Power shall become effective on receipt of notice thereof by the Government of the United States.

ARTICLE IX

The present Treaty shall be ratified by the Contracting Powers in accordance with their respective constitutional methods and shall take effect on the date of the deposit of all the ratifications, which shall take place at Washington as soon as possible. The Government of the United States will transmit to the other Contracting Powers a certified copy of the *procès-verbal* of the deposit of ratifications.

The present Treaty, of which the French and English texts are both authentic, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to the other Contracting Powers.

IN FAITH WHEREOF the above-named Plenipotentiaries have signed the present Treaty.

DONE at the City of Washington the Sixth day of February One Thousand Nine Hundred and Twenty-Two.

CHARLES EVANS HUGHES [SEAL]
HENRY CABOT LODGE [SEAL]
OSCAR W UNDERWOOD [SEAL]
ELIHU ROOT [SEAL]
BARON DE CARTIER DE MARCHIENNE [SEAL]
ARTHUR JAMES BALFOUR [SEAL]
LEE OF FAREHAM [SEAL]
A. C. GEDDES [SEAL]
R. L. BORDEN [SEAL]
G. F. PEARCE [SEAL]
JOHN W SALMOND [SEAL]
ARTHUR JAMES BALFOUR [SEAL]
V S SRINIVASA SASTRI [SEAL]

[SEAL] SAO-KE ALFRED SZE
[SEAL] V. K. WELLINGTON KOO
[SEAL] CHUNG-HUI WANG
[SEAL] A SARRAUT
[SEAL] JUSSERAND
[SEAL] CARLO SCHANZER
[SEAL] V. ROLANDI RICCI
[SEAL] LUIGI ALBERTINI

T. KATO [SEAL]
K. SHIDEHARA [SEAL]
M. HANIHARA [SEAL]
BEELAERTS VAN BLOKLAND [SEAL]
W. DE BEAUFORT [SEAL]
ALTE [SEAL]
ERNESTO DE VASCONCELLOS [SEAL]

Treaty Series No. 724

Treaty between the United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands, and Portugal, Signed at Washington February 6, 1922 [61]

The United States of America, Belgium, the British Empire, China, France, Italy, Japan, The Netherlands and Portugal:

With a view to increasing the revenues of the Chinese Government, have resolved to conclude a treaty relating to the revision of the Chinese customs tariff and cognate matters, and to that end have appointed as their Plenipotentiaries:

The President of the United States of America:
Charles Evans Hughes,
Henry Cabot Lodge,
Oscar W. Underwood,
Elihu Root,
citizens of the United States;

His Majesty the King of the Belgians:
Baron de Cartier de Marchienne, Commander of the Order of Leopold and of the Order of the Crown, His Ambassador Extraordinary and Plenipotentiary at Washington;

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India:
The Right Honourable Arthur James Balfour, O. M., M. P., Lord President of His Privy Council;
The Right Honourable Baron Lee of Fareham, G. B. E., K. C. B., First Lord of His Admiralty;
The Right Honourable Sir Auckland Campbell Geddes, K. C. B., His Ambassador Extraordinary and Plenipotentiary to the United States of America;

and

for the Dominion of Canada:
The Right Honourable Sir Robert Laird Borden, G. C. M. G., K. C.;

for the Commonwealth of Australia:
Senator the Right Honourable George Foster Pearce, Minister for Home and Territories;

for the Dominion of New Zealand:
The Honourable Sir John William Salmond, K. C., Judge of the Supreme Court of New Zealand;

for the Union of South Africa:
The Right Honourable Arthur James Balfour, O. M., M. P.;

[61] In English and French; French text not printed. Ratification advised by the Senate, Mar. 30, 1922; ratified by the President, June 9, 1923; instruments of ratification deposited at Washington, Aug. 5, 1925; proclaimed, Aug. 5, 1925.

for India:
The Right Honourable Valingman Sankaranarayana Srinivasa Sastri, Member of the Indian Council of State;

The President of the Republic of China:
Mr. Sao-Ke Alfred Sze, Envoy Extraordinary and Minister Plenipotentiary at Washington;
Mr. V. K. Wellington Koo, Envoy Extraordinary and Minister Plenipotentiary at London;
Mr. Chung-Hui Wang, former Minister of Justice;

The President of the French Republic:
Mr. Albert Sarraut, Deputy, Minister of the Colonies;
Mr. Jules J. Jusserand, Ambassador Extraordinary and Plenipotentiary to the United States of America, Grand Cross of the National Order of the Legion of Honour;

His Majesty the King of Italy:
The Honourable Carlo Schanzer, Senator of the Kingdom;
The Honourable Vittorio Rolandi Ricci, Senator of the Kingdom, His Ambassador Extraordinary and Plenipotentiary at Washington;
The Honourable Luigi Albertini, Senator of the Kingdom;

His Majesty the Emperor of Japan:
Baron Tomosaburo Kato, Minister for the Navy, Junii, a member of the First Class of the Imperial Order of the Grand Cordon of the Rising Sun with the Paulownia Flower;
Baron Kijuro Shidehara, His Ambassador Extraordinary and Plenipotentiary at Washington, Joshii, a member of the First Class of the Imperial Order of the Rising Sun;
Mr. Masanao Hanihara, Vice Minister for Foreign Affairs, Jushii, a member of the Second Class of the Imperial Order of the Rising Sun;

Her Majesty the Queen of The Netherlands:
Jonkheer Frans Beelaerts van Blokland, Her Envoy Extraordinary and Minister Plenipotentiary;
Jonkheer Willem Hendrik de Beaufort, Minister Plenipotentiary, Chargé d'Affaires at Washington;

The President of the Portuguese Republic:
Mr. José Francisco de Horta Machado da Franca, Viscount d'Alte, Envoy Extraordinary and Minister Plenipotentiary at Washington;
Mr. Ernesto Julio de Carvalho e Vasconcelos,[62] Captain of the Portuguese Navy, Technical Director of the Colonial Office;

Who, having communicated to each other their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

The representatives of the Contracting Powers having adopted, on the fourth day of February, 1922, in the City of Washington, a

[62] Should read "Vasconcellos".

Resolution, which is appended as an Annex to this Article, with respect to the revision of Chinese Customs duties, for the purpose of making such duties equivalent to an effective 5 per centum *ad valorem*, in accordance with existing treaties concluded by China with other nations, the Contracting Powers hereby confirm the said Resolution and undertake to accept the tariff rates fixed as a result of such revision. The said tariff rates shall become effective as soon as possible but not earlier than two months after publication thereof.

ANNEX

With a view to providing additional revenue to meet the needs of the Chinese Government, the Powers represented at this Conference, namely the United States of America, Belgium, the British Empire, China, France, Italy, Japan, The Netherlands, and Portugal agree:

That the customs schedule of duties on imports into China adopted by the Tariff Revision Commission at Shanghai on December 19, 1918,[63] shall forthwith be revised so that the rates of duty shall be equivalent to 5 per cent. effective, as provided for in the several commercial treaties to which China is a party.

A Revision Commission shall meet at Shanghai, at the earliest practicable date, to effect this revision forthwith and on the general lines of the last revision.

This Commission shall be composed of representatives of the Powers above named and of representatives of any additional Powers having Governments at present recognized by the Powers represented at this Conference and who have treaties with China providing for a tariff on imports and exports not to exceed 5 per cent. ad valorem and who desire to participate therein.

The revision shall proceed as rapidly as possible with a view to its completion within four months from the date of the adoption of this Resolution by the Conference on the Limitation of Armament and Pacific and Far Eastern Questions.

The revised tariff shall become effective as soon as possible but not earlier than two months after its publication by the Revision Commission.

The Government of the United States, as convener of the present Conference, is requested forthwith to communicate the terms of this Resolution to the Governments of Powers not represented at this Conference but who participated in the Revision of 1918, aforesaid.

ARTICLE II

Immediate steps shall be taken, through a Special Conference, to prepare the way for the speedy abolition of likin and for the fulfillment of the other conditions laid down in Article VIII of the Treaty of September 5th, 1902, between Great Britain and China,

[63] For papers relating to this subject, see *Foreign Relations*, 1919, vol. I, pp. 640–667.

in Articles IV and V of the Treaty of October 8th, 1903, between the United States and China,[64] and in Article I of the Supplementary Treaty of October 8th, 1903, between Japan and China, with a view to levying the surtaxes provided for in those articles.

The Special Conference shall be composed of representatives of the Signatory Powers, and of such other Powers as may desire to participate and may adhere to the present Treaty, in accordance with the provisions of Article VIII, in sufficient time to allow their representatives to take part. It shall meet in China within three months after the coming into force of the present Treaty, on a day and at a place to be designated by the Chinese Government.

Article III

The Special Conference provided for in Article II shall consider the interim provisions to be applied prior to the abolition of likin and the fulfillment of the other conditions laid down in the articles of the treaties mentioned in Article II; and it shall authorize the levying of a surtax on dutiable imports as from such date, for such purposes, and subject to such conditions as it may determine.

The surtax shall be at a uniform rate of 2½ per centum *ad valorem*, provided, that in case of certain articles of luxury which, in the opinion of the Special Conference, can bear a greater increase without unduly impeding trade, the total surtax may be increased but may not exceed 5 per centum *ad valorem*.

Article IV

Following the immediate revision of the customs schedule of duties on imports into China, mentioned in Article I, there shall be a further revision thereof to take effect at the expiration of four years following the completion of the aforesaid immediate revision, in order to ensure that the customs duties shall correspond to the *ad valorem* rates fixed by the Special Conference provided for in Article II.

Following this further revision there shall be, for the same purpose, periodical revisions of the customs schedule of duties on imports into China every seven years, in lieu of the decennial revision authorized by existing treaties with China.

In order to prevent delay, any revision made in pursuance of this Article shall be effected in accordance with rules to be prescribed by the Special Conference provided for in Article II.

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[64] Malloy, *Treaties*, 1776–1909, vol. I, p. 261.

ARTICLE V

In all matters relating to customs duties there shall be effective equality of treatment and of opportunity for all the Contracting Powers.

ARTICLE VI

The principle of uniformity in the rates of customs duties levied at all the land and maritime frontiers of China is hereby recognized. The Special Conference provided for in Article II shall make arrangements to give practical effect to this principle; and it is authorized to make equitable adjustments in those cases in which a customs privilege to be abolished was granted in return for some local economic advantage.

In the meantime, any increase in the rates of customs duties resulting from tariff revision, or any surtax hereafter imposed in pursuance of the present Treaty, shall be levied at a uniform rate *ad valorem* at all land and maritime frontiers of China.

ARTICLE VII

The charge for transit passes shall be at the rate of 2½ per centum *ad valorem* until the arrangements provided for by Article II come into force.

ARTICLE VIII

Powers not signatory to the present Treaty whose Governments are at present recognized by the Signatory Powers, and whose present treaties with China provide for a tariff on imports and exports not to exceed 5 per centum *ad valorem*, shall be invited to adhere to the present Treaty.

The Government of the United States undertakes to make the necessary communications for this purpose and to inform the Governments of the Contracting Powers of the replies received. Adherence by any Power shall become effective on receipt of notice thereof by the Government of the United States.

ARTICLE IX

The provisions of the present Treaty shall override all stipulations of treaties between China and the respective Contracting Powers which are inconsistent therewith, other than stipulations according most favored nation treatment.

ARTICLE X

The present Treaty shall be ratified by the Contracting Powers in accordance with their respective constitutional methods and shall take

effect on the date of the deposit of all the ratifications, which shall take place at Washington as soon as possible. The Government of the United States will transmit to the other Contracting Powers a certified copy of the *procès-verbal* of the deposit of ratifications.

The present Treaty, of which the French and English texts are both authentic, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to the other Contracting Powers.

IN FAITH WHEREOF the above-named Plenipotentiaries have signed the present Treaty.

DONE at the City of Washington the sixth day of February, One Thousand Nine Hundred and Twenty-two.

CHARLES EVANS HUGHES [SEAL]
HENRY CABOT LODGE [SEAL]
OSCAR W UNDERWOOD [SEAL]
ELIHU ROOT [SEAL]
BARON DE CARTIER DE MARCHIENNE [SEAL]

[SEAL] ARTHUR JAMES BALFOUR
[SEAL] LEE OF FAREHAM
[SEAL] A. C. GEDDES
[SEAL] R. L. BORDEN
[SEAL] G. F. PEARCE
[SEAL] JOHN W SALMOND
[SEAL] ARTHUR JAMES BALFOUR
[SEAL] V S SRINIVASA SASTRI

SAO-KE ALFRED SZE [SEAL]
V. K. WELLINGTON KOO [SEAL]
CHUNG-HUI WANG [SEAL]
A SARRAUT [SEAL]
JUSSERAND [SEAL]
CARLO SCHANZER [SEAL]
V. ROLANDI RICCI [SEAL]
LUIGI ALBERTINI [SEAL]

[SEAL] T. KATO
[SEAL] K. SHIDEHARA
[SEAL] M. HANIHARA
[SEAL] BEELAERTS VAN BLOKLAND
[SEAL] W. DE BEAUFORT
[SEAL] ALTE
[SEAL] ERNESTO DE VASCONCELLOS

Resolutions Adopted by the Conference

Texts of Resolutions Adopted by the Conference [65]

I. Resolution Establishing a Commission of Jurists to Consider Amendment of the Laws of War

The United States of America, the British Empire, France, Italy and Japan have agreed:

I. That a Commission composed of not more than two members representing each of the above-mentioned Powers shall be constituted to consider the following questions:

(*a*) Do existing rules of international law adequately cover new methods of attack or defense resulting from the introduction or development, since the Hague Conference of 1907,[66] of new agencies of warfare?

(*b*) If not so, what changes in the existing rules ought to be adopted in consequence thereof as a part of the law of nations?

II. That notices of appointment of the members of the Commission shall, within three months after the adjournment of the present Conference, be transmitted to the Government of the United States of America which after consultation with the Powers concerned will fix the day and place for the meeting of the Commission.

III. That the Commission shall be at liberty to request assistance and advice from experts in international law and in land, naval and aerial warfare.

IV. That the Commission shall report its conclusions to each of the Powers represented in its membership.

Those Powers shall thereupon confer as to the acceptance of the report and the course to be followed to secure the consideration of its recommendations by the other civilized Powers.

Adopted by the Conference on the Limitation of Armament at the Sixth Plenary Session, February 4th, 1922.

II. Resolution Limiting the Jurisdiction of the Commission of Jurists

Resolved, That it is not the intention of the Powers agreeing to the appointment of a Commission to consider and report upon the rules of international law respecting new agencies of warfare that the Commission shall review or report upon the rules or declarations relating to submarines or to the use of noxious gases and chemicals already adopted by the Powers in this conference.

Adopted by the Conference on the Limitation of Armament at the Sixth Plenary Session, February 4th, 1922.

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[65] Reprinted from *Conference on the Limitation of Armament*, p. 1640. For the adoption of these resolutions, see Report of the American Delegation, p. 306.

[66] For papers concerning this Conference, see *Foreign Relations*, 1907, pt. 2, pp. 1099 ff.

III. Resolution Regarding the Sale of Ships Before the Ratification of the Treaty Limiting Naval Armament

It should therefore be recorded in the minutes of the Subcommittee and of the full Conference that the Powers signatory of the Treaty of Naval Limitation regard themselves in honor bound not to sell any ships between the present date and the ratification of the Treaty, when such a sale would be a breach of Article XVIII.

Adopted by the Conference on the Limitation of Armament at the Sixth Plenary Session, February 4th, 1922.

IV. Resolution Establishing a Board of Reference for Far Eastern Questions

The representatives of the Powers assembled at the present Conference at Washington, to-wit, the United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal:

Desiring to provide a procedure for dealing with questions that may arise in connection with the execution of the provisions of Articles III and V of the Treaty to be signed at Washington on February 6th, 1922, with reference to their general policy [67] designed to stabilize conditions in the Far East, to safeguard the rights and interests of China, and to promote intercourse between China and the other Powers upon the basis of equality of opportunity;

Resolve that there shall be established in China a Board of Reference to which any questions arising in connection with the execution of the aforesaid Articles may be referred for investigation and report.

The Special Conference provided for in Article II of the Treaty to be signed at Washington on February 6th, 1922, with reference to the Chinese Customs Tariff,[68] shall formulate for the approval of the Powers concerned a detailed plan for the constitution of the Board.

Adopted by the Conference on the Limitation of Armament at the Sixth Plenary Session, February 4th, 1922.

V. Resolutions Regarding Extraterritoriality in China

The representatives of the Powers hereinafter named, participating in the discussion of Pacific and Far Eastern questions in the Conference on the Limitation of Armament, to wit, the United

[67] *Ante*, p. 276.
[68] *Ante*, p. 282.

States of America, Belgium, the British Empire, France, Italy, Japan, the Netherlands and Portugal:

Having taken note of the fact that in the Treaty between Great Britain and China dated September 5, 1902, in the Treaty between the United States of America and China dated October 8, 1903,[69] and in the Treaty between Japan and China dated October 8, 1903, these several Powers have agreed to give every assistance towards the attainment by the Chinese Government of its expressed desire to reform its judicial system and to bring it into accord with that of Western nations, and have declared that they are also "prepared to relinquish extraterritorial rights when satisfied that the state of the Chinese laws, the arrangements for their administration, and other considerations warrant" them in so doing;

Being sympathetically disposed towards furthering in this regard the aspiration to which the Chinese delegation gave expression on November 16, 1921, to the effect that "immediately or as soon as circumstances will permit, existing limitations upon China's political, jurisdictional and administrative freedom of action are to be removed";[70]

Considering that any determination in regard to such action as might be appropriate to this end must depend upon the ascertainment and appreciation of complicated states of fact in regard to the laws and the judicial system and the methods of judicial administration of China, which this Conference is not in a position to determine;

Have *resolved*

That the Governments of the Powers above named shall establish a Commission (to which each of such Governments shall appoint one member) to inquire into the present practice of extraterritorial jurisdiction in China, and into the laws and the judicial system and the methods of judicial administration of China, with a view to reporting to the Governments of the several Powers above named their findings of fact in regard to these matters, and their recommendations as to such means as they may find suitable to improve the existing conditions of the administration of justice in China, and to assist and further the efforts of the Chinese Government to effect such legislation and judicial reforms as would warrant the several Powers in relinquishing, either progressively or otherwise, their respective rights of extraterritoriality;

That the Commission herein contemplated shall be constituted within three months after the adjournment of the Conference in accordance with detailed arrangements to be hereafter agreed upon by the Governments of the Powers above named, and shall be in-

[69] Malloy, *Treaties*, 1776–1909, vol. I, p. 261.
[70] Statement printed in full on p. 272.

structed to submit its report and recommendations within one year after the first meeting of the Commission;

That each of the Powers above named shall be deemed free to accept or to reject all or any portion of the recommendations of the Commission herein contemplated, but that in no case shall any of the said Powers make its acceptance of all or any portion of such recommendations either directly or indirectly dependent on the granting by China of any special concession, favor, benefit or immunity, whether political or economic.

ADDITIONAL RESOLUTION

That the Non-Signatory Powers, having by treaty extraterritorial rights in China, may accede to the resolution affecting extraterritoriality and the administration of justice in China by depositing within three months after the adjournment of the Conference a written notice of accession with the Government of the United States for communication by it to each of the signatory Powers.

ADDITIONAL RESOLUTION

That China, having taken note of the resolutions affecting the establishment of a Commission to investigate and report upon extraterritoriality and the administration of justice in China, expresses its satisfaction with the sympathetic disposition of the Powers hereinbefore named in regard to the aspiration of the Chinese Government to secure the abolition of extraterritoriality in China, and declares its intention to appoint a representative who shall have the right to sit as a member of the said Commission, it being understood that China shall be deemed free to accept or to reject any or all of the recommendations of the Commission. Furthermore, China is prepared to cooperate in the work of this Commission and to afford to it every possible facility for the successful accomplishment of its tasks.

Adopted by the Conference on the Limitation of Armament at the Fourth Plenary Session, December 10, 1921.

VI. Resolution Regarding Foreign Postal Agencies in China

A. Recognizing the justice of the desire expressed by the Chinese Government to secure the abolition of foreign postal agencies in China, save or except in leased territories or as otherwise specifically provided by treaty, it is *resolved:*

(1) The four Powers having such postal agencies agree to their abandonment subject to the following conditions:

(*a*) That an efficient Chinese postal service is maintained;

(*b*) That an assurance is given by the Chinese Government that they contemplate no change in the present postal administration so far as the status of the foreign Co-Director General is concerned.

(2) To enable China and the Powers concerned to make the necessary dispositions, this arrangement shall come into force and effect not later than January 1, 1923.

B. Pending the complete withdrawal of foreign postal agencies, the four Powers concerned severally undertake to afford full facilities to the Chinese customs authorities to examine in those agencies all postal matter (excepting ordinary letters, whether registered or not, which upon external examination appear plainly to contain only written matter) passing through them, with a view to ascertaining whether they contain articles which are dutiable or contraband or which otherwise contravene the customs regulations or laws of China.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1st, 1922.

VII. Resolution Regarding Foreign Armed Forces in China

Whereas

The Powers have from time to time stationed armed forces, including police and railway guards, in China to protect the lives and property of foreigners lawfully in China;

And whereas

It appears that certain of these armed forces are maintained in China without the authority of any treaty or agreement;

And whereas

The Powers have declared their intention to withdraw their armed forces now on duty in China without the authority of any treaty or agreement, whenever China shall assure the protection of the lives and property of foreigners in China;

And whereas

China has declared her intention and capacity to assure the protection of the lives and property of foreigners in China;

Now

To the end that there may be clear understanding of the conditions upon which in each case the practical execution of those intentions must depend;

It is *resolved:*

That the Diplomatic Representatives in Peking of the Powers now in Conference at Washington, to wit, the United States of America, Belgium, the British Empire, France, Italy, Japan, the Netherlands and Portugal, will be instructed by their respective Governments whenever China shall so request, to associate themselves with three representatives of the Chinese Government to conduct collectively a full and impartial inquiry into the issues raised by the foregoing declarations of intention made by the Powers and by China and shall thereafter prepare a full and comprehensive report setting out with-

out reservation their findings of fact and their opinions with regard to the matter hereby referred for inquiry, and shall furnish a copy of their report to each of the nine Governments concerned which shall severally make public the report with such comment as each may deem appropriate. The representatives of any of the Powers may make or join in minority reports stating their differences, if any, from the majority report.

That each of the Powers above named shall be deemed free to accept or reject all or any of the findings of fact or opinions expressed in the report but that in no case shall any of the said Powers make its acceptance of all or any of the findings of fact or opinions either directly or indirectly dependent on the granting by China of any special concession, favor, benefit or immunity, whether political or economic.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1st, 1922.

VIII. Resolution Regarding Radio Stations in China, and Accompanying Declarations

The representatives of the Powers hereinafter named participating in the discussion of Pacific and Far Eastern questions in the Conference on the Limitation of Armament, to wit, the United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal,

Have *resolved*

1. That all radio stations in China, whether maintained under the provisions of the international protocol of September 7, 1901,[71] or in fact maintained in the grounds of any of the foreign legations in China, shall be limited in their use to sending and receiving government messages and shall not receive or send commercial or personal or unofficial messages, including press matter: *Provided*, however, that in case all other telegraphic communication is interrupted, then, upon official notification accompanied by proof of such interruption to the Chinese Ministry of Communications, such stations may afford temporary facilities for commercial, personal or unofficial messages, including press matter, until the Chinese Government has given notice of the termination of the interruption;

2. All radio stations operated within the territory of China by a foreign government or the citizens or subjects thereof under treaties or concessions of the Government of China, shall limit the messages sent and received by the terms of the treaties or concessions under which the respective stations are maintained;

3. In case there be any radio station maintained in the territory of China by a foreign government or citizens or subjects thereof with-

[71] Malloy, *Treaties*, 1776–1909, vol. II, p. 2006.

out the authority of the Chinese Government, such station and all the plant, apparatus and material thereof shall be transferred to and taken over by the Government of China, to be operated under the direction of the Chinese Ministry of Communications upon fair and full compensation to the owners for the value of the installation, as soon as the Chinese Ministry of Communications is prepared to operate the same effectively for the general public benefit;

4. If any questions shall arise as to the radio stations in leased territories, in the South Manchurian Railway Zone or in the French Concession at Shanghai, they shall be regarded as matters for discussion between the Chinese Government and the Government concerned;

5. The owners or managers of all radio stations maintained in the territory of China by foreign powers or citizens or subjects thereof shall confer with the Chinese Ministry of Communications for the purpose of seeking a common arrangement to avoid interference in the use of wave lengths by wireless stations in China, subject to such general arrangements as may be made by an international conference convened for the revision of the rules established by the International Radio Telegraph Convention, signed at London, July 5, 1912.[72]

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1st, 1922.

DECLARATION CONCERNING THE RESOLUTION REGARDING RADIO STATIONS IN CHINA

The Powers other than China declare that nothing in paragraphs 3 or 4 of the Resolution of December 7th, 1921, is to be deemed to be an expression of opinion by the Conference as to whether the stations referred to therein are or are not authorized by China.

They further give notice that the result of any discussion arising under paragraph 4 must, if it is not to be subject to objection by them, conform with the principle[s] of the open door or equality of opportunity approved by the Conference.

DECLARATION BY THE CHINESE DELEGATION CONCERNING RADIO STATIONS IN CHINA

The Chinese Delegation takes this occasion formally to declare that the Chinese Government does not recognize or concede the right of any foreign Power or of the nationals thereof to install or operate,

[72] Malloy, *Treaties*, 1910–1923, vol. III, p. 3048.

without its express consent, radio stations in Legation grounds, settlements, concessions, leased territories, railway areas or other similar areas.

IX. Resolution Regarding the Unification of Railways in China, and Accompanying Declaration by China

The Powers represented in this Conference record their hope that to the utmost degree consistent with legitimate existing rights, the future development of railways in China shall be so conducted as to enable the Chinese Government to effect the unification of railways into a railway system under Chinese control, with such foreign financial and technical assistance as may prove necessary in the interests of that system.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1st, 1922.

Declaration by the Chinese Delegation Regarding Chinese Railways

The Chinese Delegation notes with sympathetic appreciation the expression of the hope of the Powers that the existing and future railways of China may be unified under the control and operation of the Chinese Government with such foreign financial and technical assistance as may be needed. It is our intention as speedily as possible to bring about this result. It is our purpose to develop existing and future railways in accordance with a general program that will meet the economic, industrial and commercial requirements of China. It will be our policy to obtain such foreign financial and technical assistance as may be needed from the Powers in accordance with the principle[s] of the open door or equal opportunity; and the friendly support of these Powers will be asked for the effort of the Chinese Government to bring all the railways of China, now existing or to be built, under its effective and unified control and operation.

X. Resolution Regarding the Reduction of Chinese Military Forces

Whereas the Powers attending this Conference have been deeply impressed with the severe drain on the public revenue of China through the maintenance in various parts of the country of military forces, excessive in number and controlled by the military chiefs of the Provinces without coordination;

And whereas the continued maintenance of these forces appears to be mainly responsible for China's present unsettled political conditions;

And whereas it is felt that large and prompt reductions of these forces will not only advance the cause of China's political unity and economic development but will hasten her financial rehabilitation;

Therefore, without any intention to interfere in the internal problems of China, but animated by the sincere desire to see China develop and maintain for herself an effective and stable Government alike in her own interest and in the general interest of trade;

And being inspired by the spirit of this Conference whose aim is to reduce, through the limitation of armament, the enormous disbursements which manifestly constitute the greater part of the encumbrance upon enterprise and national prosperity;

It is *resolved:*

That this Conference express to China the earnest hope that immediate and effective steps may be taken by the Chinese Government to reduce the aforesaid military forces and expenditures.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1st, 1922.

XI. Resolution Regarding Existing Commitments of China or With Respect to China

The Powers represented in this Conference, considering it desirable that there should hereafter be full publicity with respect to all matters affecting the political and other international obligations of China and of the several Powers in relation to China, are agreed as follows:

I. The several Powers other than China will at their earliest convenience file with the Secretariat General of the Conference for transmission to the participating Powers, a list of all treaties, conventions, exchanges of notes, or other international agreements which they may have with China, or with any other Power or Powers in relation to China, which they deem to be still in force and upon which they may desire to rely. In each case, citations will be given to any official or other publication in which an authoritative text of the documents may be found. In any case in which the document may not have been published, a copy of the text (in its original language or languages) will be filed with the Secretariat General of the Conference.

Every treaty or other international agreement of the character described which may be concluded hereafter shall be notified by the Governments concerned within sixty (60) days of its conclusion to the Powers who are signatories of or adherents to this agreement.

II. The several Powers other than China will file with the Secretariat General of the Conference, at their earliest convenience, for transmission to the participating Powers a list, as nearly complete

as may be possible, of all those contracts between their nationals, of the one part, and the Chinese Government or any of its administrative subdivisions or local authorities, of the other part, which involve any concession, franchise, option or preference with respect to railway construction, mining, forestry, navigation, river conservancy, harbor works, reclamation, electrical communications, or other public works or public services, or for the sale of arms or ammunition, or which involve a lien upon any of the public revenues or properties of the Chinese Government or of any of its administrative subdivisions. There shall be, in the case of each document so listed, either a citation to a published text, or a copy of the text itself.

Every contract of the public character described which may be concluded hereafter shall be notified by the Governments concerned within sixty (60) days after the receipt of information of its conclusion to the Powers who are signatories of or adherents to this agreement.

III. The Chinese Government agrees to notify in the conditions laid down in this agreement every treaty, agreement or contract of the character indicated herein which has been or may hereafter be concluded by that Government or by any local authority in China with any foreign Power or the nationals of any foreign Power, whether party to this agreement or not, so far as the information is in its possession.

IV. The Governments of Powers having treaty relations with China, which are not represented at the present Conference, shall be invited to adhere to this agreement.

The United States Government, as convener of the Conference, undertakes to communicate this agreement to the Governments of the said Powers, with a view to obtaining their adherence thereto as soon as possible.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session February 1st, 1922.

XII. Resolution Regarding the Chinese Eastern Railway, Approved by the Powers Including China

Resolved, That the preservation of the Chinese Eastern Railway for those in interest requires that better protection be given to the railway and the persons engaged in its operation and use; a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property.

That the subject should immediately be dealt with through the proper diplomatic channels.

Adopted by the Conference on the Limitation of Armament at the Sixth Plenary Session, February 4th, 1922.

XIII. Resolution Regarding the Chinese Eastern Railway, Approved by the Powers Other Than China

The powers other than China, in agreeing to the Resolution regarding the Chinese Eastern Railway, reserve the right to insist hereafter upon the responsibility of China for performance or non-performance of the obligations towards the foreign stockholders, bondholders and creditors of the Chinese Eastern Railway Company which the Powers deem to result from the contracts under which the Railroad was built and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the Railroad.

Adopted by the Conference on the Limitation of Armament at the Sixth Plenary Session, February 4th, 1922.

Message of President Harding to the Senate, February 10, 1922—Report of the American Delegation

Message of President Harding to the Senate, February 10, 1922[74]

Mr. President and Gentlemen of the Senate: I have come to make report to you of the conclusions of what has been termed the Washington Conference on the Limitation of Armament, and to lay before you the series of treaties which the United States and the other powers participating in the conference have negotiated and signed, and have announced to the world. Apart from the very great satisfaction in reporting to the Senate, it is a privilege as well as a duty to ask that advice and consent which the Constitution requires to make these covenants effective.

Accompanying the treaties I bring to you the complete minutes of both plenary sessions and committee meetings,[75] and a copy of the official report made to me by the American Delegation to the conference.[76] Both the complete minutes and the official report of the American Delegation are new accompaniments to the Executive report of a treaty or treaties, but they are fitting testimonials to that open and simpler diplomacy for which the world has asked, and the practice of which contributed largely to the success of the conference so recently adjourned. I trust they will facilitate that ample and helpful understanding which is desirable in the Senate, and re-

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[74] Reprinted from S. Doc. 125, 67th Cong., 2d sess.

[75] The minutes of the plenary sessions and committee meetings are printed in *Conference on the Limitation of Armament;* the minutes of the subcommittee meetings are printed in *Conference on the Limitation of Armament, Subcommittees.*

[76] *Post*, p. 306.

flect that understanding which was the keynote of the conference itself.

The whole transaction is quite out of the ordinary. I am not thinking of the achievement, which I hope the Senate will come to appraise highly as I do, and as the world seems to do. I am not thinking of the commendable processes by which agreements were wrought, though this was a conference wholly of free nations, exercising every national right and authority, in which every agreement was stamped with unanimity. Indeed, it was a conference of friends, proceeding in deliberation and sympathy, appraising their friendly and peaceful relations and resolved to maintain them, and give to the world new assurances of peace and actual relief from the burdens of excessive and competitive armament. But the out-of-the-ordinary phases which I have in mind are that the Senate—indeed, the Congress—has already advised in favor of one—and inferentially of two—of the treaties laid before you to-day, and the naval pact negotiated and signed is in accordance with your expressed wish. It calls a halt in the competitive construction of capital ships in the great navies of the world, and affords the first actual relief from naval burdens which peoples have been able to acclaim since steam and steel combined to add to naval strength in warfare.

But, though the treaty recommended by the Congress marks the beginning of a naval holiday and that limitation of naval armament which accords with a world aspiration, the particular justification of this progressive and highly gratifying step was the settlement of the international problems of the Pacific, attended by new understandings in place of menacing disagreements, and established sureties instead of uncertainties which easily might lead to conflict. Much as it was desirable to lift the burdens of naval armament and strike at the menace of competitive construction and consequent expenditure, the Executive branch of the Government, which must be watchful for the Nation's safety, was unwilling to covenant a reduction of armament until there could be plighted new guaranties of peace, until there could be removed the probable menaces of conflict. Therefore all the treaties submitted for your approval have such important relationship, one to another, that, though not interdependent, they are the covenants of harmony, of assurance, of conviction, of conscience, and of unanimity. These we have believed to be essential to perfect the fulfillment which the Congress has in mind.

As a simple matter of fact, all of the agreements, except those dealing directly with the limitation of armament, take the place of various multi-power treaties, arrangements or understandings, formal or informal, expressed or implied, relating to matters in the Pacific Ocean, in which all the powers signatory were essentially, if not

equally, concerned. The new agreements serve to put an end to contradictions, to remove ambiguities, and establish clear understandings.

No matter what mental reservations may have existed, or what doubts may have prevailed, because here was an experiment new in many phases, all of the powers came to the conference knowing it was to deal with very practical situations affecting their international relations. There was mutual interest, quite apart from the greater achievement for world peace, and a way to common understanding was found to be practical and speedily arranged. If it has developed a new-world school of diplomacy, let it be so called. It revealed the ends aimed at in the very beginning and pointed the way to their attainment. The powers in conference took the world of the Pacific as they found it in fact. They dealt with actualities by voluntary and unanimous agreement, and have added to mankind's assurances and hopefully advanced international peace.

It is worth while saying that the powers in this conference sought no concert to dispossess any power of its rights or property. All the signatories have given up certain rights which they had, as their contribution to concord and peace, but at no sacrifice of national pride, with no regret or resentment to later flame in conflict. Some relinquished certain rights or prerogatives which they had asserted, notably in the settlement of the Shantung controversy, dealt with in a covenant quite apart from the group herewith submitted.[77] But every concession was a willing one, without pressure or constraint. The conference record is quite unparalleled, not alone because there was the maximum of good feeling and neighborliness throughout the session, but common rejoicing in the results; and the separations in departure were marked by genuine cordiality, good will, and new hopes.

It is not necessary to remind you that the conference work was not directed against any power or group of powers. There were no punishments to inflict, no rewards to bestow. Mutual consideration, and the common welfare, and the desire for world peace impelled. The conclusions reached and the covenants written neither require nor contemplate compulsive measures against any power in the world, signatory or nonsignatory. The offerings are free will; the conscience is that of world-opinion; the observance is a matter of national honor.

These treaties leave no power despoiled. The delegates of every power participating adjourned with every right and every authority with which they came, except that which was willingly and gladly given up to further the common welfare. I can assure you the nine powers have been brought more closely together, they are stauncher

[77] See pp. 339 ff and 934 ff.

neighbors and friends, they have clearer and better estimates of one another, they have seen suspicion challenged and selfishness made to retreat, they have keener and more sympathetic understandings, and they are more strongly willed for right and justice in international relations than ever before. I believe, with all my heart, the powers in conference have combined to make the world safer and better and more hopeful place in which to live.

It was a helpful thing to have the conference reveal how common our human aspirations are and how easy it is, when the task is properly approached, to reconcile our national aspirations. There are mutual and essential interests affecting the welfare and peace of all nations, and they can not be promoted by force. They can be revealed and magnified in that understanding which, it is now proven, the conference of peace promotes, and the same understanding makes compulsion and despoilment hateful in the eyes of mankind.

The treaties submitted, seven in number, are—

The covenant of limitation to naval armament between our republic, the British Empire, France, Italy, and Japan.[78]

The treaty between the same powers in relation to the use of submarines and noxious gases in warfare.[79]

The treaty between the United States, the British Empire, France, and Japan relating to their insular possessions and their insular dominions in the Pacific.[80]

A declaration accompanying the four-power treaty reserving American rights in mandated territory.[81]

An agreement supplementary to the four-power treaty defining the application of the term "insular possession and insular dominions" as relating to Japan.[82]

A treaty between the nine powers in the conference relating to principles and policies to be followed in matters concerning China.[83]

A treaty between the nine powers relating to Chinese customs tariff.[84]

I invite your prompt approval of all of them. It is quite impossible to readjust our naval program until the naval treaty has your sanction, even though you urged its negotiation. It is not possible to make the readjustment in full confidence, until the whole program has commended itself to your approval.

I am not unmindful, nor was the conference, of the sentiment in this Chamber against Old World entanglements. Those who made

[78] *Ante*, p. 247.
[79] *Ante*, p. 267.
[80] *Ante*, p. 33.
[81] *Ante*, p. 36.
[82] *Ante*, p. 46.
[83] *Ante*, p. 276.
[84] *Ante*, p. 282.

the treaties have left no doubt about their true import. Every expression in the conference has emphasized the purpose to be served and the obligations assumed. Therefore, I can bring you every assurance that nothing in any of these treaties commits the United States, or any other power, to any kind of an alliance, entanglement, or involvement. It does not require us or any power to surrender a worth-while tradition. It has been said, if this be true, these are mere meaningless treaties, and therefore valueless. Let us accept no such doctrine of despair as that. If nations may not establish by mutual understanding the rules and principles which are to govern their relationship; if a sovereign and solemn plight of faith by leading nations of the earth is valueless; if nations may not trust one another, then, indeed, there is little on which to hang our faith in advancing civilization or the furtherance of peace. Either we must live and aspire and achieve under a free and common understanding among peoples, with mutual trust, respect, and forbearance, and exercising full sovereignty, or else brutal, armed force will dominate, and the sorrows and burdens of war in this decade will be turned to the chaos and hopelessness of the next. We can no more do without international negotiations and agreements in these modern days than we could maintain orderly neighborliness at home without the prescribed rules of conduct which are more the guaranties of freedom than the restraint thereof.

The world has been hungering for a better relationship for centuries since it has attained its larger consciousness. The conception of the League of Nations was a response to a manifest world hunger. Whatever its fate, whether it achieves the great things hoped for, or comes to supersedure, or to failure, the American unwillingness to be a part of it has been expressed. That unwillingness has been kept in mind, and the treaties submitted to-day have no semblance or relationship save as the wish to promote peace has been the common inspiration.

The four-power treaty contains no war commitment. It covenants the respect of each nation's rights in relation to its insular possessions. In case of controversy between the covenanting powers it is agreed to confer and seek adjustment, and if said rights are threatened by the aggressive action of any outside power, these friendly powers, respecting one another, are to communicate, perhaps confer, in order to understand what action may be taken, jointly or separately, to meet a menacing situation. There is no commitment to armed force, no alliance, no written or moral obligation to join in defence, no expressed or implied commitment to arrive at any agreement except in accordance with our constitutional methods. It is easy to believe, however, that such a conference of the four powers

is a moral warning that an aggressive nation, giving affront to the four great powers ready to focus world opinion on a given controversy, would be embarking on a hazardous enterprise.

Frankly, Senators, if nations may not safely agree to respect each other's rights, and may not agree to confer if one to the compact threatens trespass, or may not agree to advise if one party to the pact is threatened by an outside power, then all concerted efforts to tranquilize the world and stabilize peace must be flung to the winds. Either these treaties must have your cordial sanction, or every proclaimed desire to promote peace and prevent war becomes a hollow mockery.

We have seen the eyes of the world turned to the Pacific. With Europe prostrate and penitent, none feared the likelihood of early conflict there. But the Pacific had its menaces, and they deeply concerned us. Our territorial interests are larger there. Its waters are not strange seas to us, its farther shores not unknown to our citizens. Our earlier triumphs of commerce were there. We began treaty relationships with China full eighty years ago, in the youthful vigor of our republic, and the sailings of our clipper ships were the romance of our merchant marine, when it successfully challenged the competition of the world. Seventy years ago Commodore Perry revealed Japan to commerce, and there followed that surpassing development of the island empire, with whom our unbroken peace found a most gratifying reflex in the conference just closed.

A century ago we began planting the seeds of American friendship in Hawaii, and seventy years ago Webster told the Senate that the United States could "never consent to see these islands taken possession of by either of the great commercial powers of Europe." Whether it was destiny, or the development of propinquity, or the influence of our colonists, or faith in our institutions, Hawaii came under the flag in 1898, and rejoices to-day as a part of our Republic.

The lure of the waters, or the march of empire, or the call of commerce or inscrutable destiny led us on, and we went to the South Seas and planted the flag in Samoa. Out of the war with Spain came our sponsorship in the Philippines, and the possession of Guam; and so we are deeply concerned in the mid-Pacific, the South Seas, and the very center of the Far East. We crave peace there as we do on the continent, and we should be remiss in performing a national duty if we did not covenant the relations which tend to guarantee it. For more than a half century we have had a part in influencing the affairs of the Pacific, and our present proposed commitments are not materially different in character, nor materially greater in extent, though fraught with vastly less danger, than our undertakings in the past.

We have convinced the on-looking and interested powers that we covet the possessions of no other power in the Far East, and we know for ourselves that we crave no further or greater governmental or territorial responsibilities there. Contemplating what is admittedly ours, and mindful of a long-time and reciprocal friendship with China, we do wish the opportunity to continue the development of our trade peacefully, and on equality with other nations, to strengthen our ties of friendship, and to make sure the righteous and just relationships of peace.

Holding the possessions we do, entertaining these views, and confessing these ambitions, why should we not make reciprocal engagements to respect the territory of others and contract their respect of ours, and thus quiet apprehension and put an end to suspicion?

There has been concern. There has been apprehension of territorial greed, a most fruitful cause of war. The conference has dissipated both, and your ratification of the covenants made will stabilize a peace for the breaking of which there is not a shadow of reason or real excuse. We shall not have less than before. No one of us shall have less than before. There is no narrowed liberty, no hampered independence, no shattered sovereignty, no added obligation. We will have new assurances, new freedom from anxiety, and new manifestations of the sincerity of our own intentions; a new demonstration of that honesty which proclaims a righteous and powerful republic.

I am ready to assume the sincerity and the dependability of the assurances of our neighbors of the Old World that they will respect our rights, just as I know we mean to respect theirs. I believe there is an inviolable national honor, and I bring to you this particular covenant in the confident belief that it is the outstanding compact of peace for the Pacific, which will justify the limitation of armament and prove a new guarantee to peace and liberty, and maintained sovereignty and free institutions.

No allusion has been made to the treaty restraining and limiting the use of the submarine, and the prohibition of noxious gases in warfare. Since we are asking the world's adherence, it is easily assumed that none in America will hold aloof.

Nor need I dwell on the nine-power treaty relating to principles and policies to be followed in the relationship of the signatory powers to China. Our traditional friendship for the ancient empire, our continued friendship for the new republic, our commitment of more than twenty years to the open door, and our avowed concern for Chinese integrity and unimpaired sovereignty, make it easy to assume that the Senate will promptly and unanimously assent. China's own satisfaction in the restorations covenanted here has been officially expressed, quite apart from the testifying signatures.

Perhaps I may fittingly add a word which is suggested by my relationship as a former member of the Senate. I had occasion to learn of your very proper jealousy of the Senate's part in contracting foreign relationships. Frankly, it was in my mind when I asked representatives of both the majority and minority to serve on the American Delegation. It was designed to have you participate. And you were ably represented.

The Senate's concern for freedom from entanglements, for preserved traditions, for maintained independence, was never once forgotten by the American Delegates. If I did not believe these treaties brought us not only new guaranties of peace but greater assurances of freedom from conflict, I would not submit them to your consideration.

Much depends on your decision. We have joined in giving to the world the spectacle of nations gathering about the conference table, amid the convictions of peace, free from all passion, to face each other in the contacts of reason, to solve menacing problems, and end disputes, and clear up misunderstandings. They have agreed to confer again when desirable, and turn the revealing light of world opinion on any menace to peace among them. Your Government encouraged, and has signed the compacts which it had much to do in fashioning. If to these understandings for peace, if to these advanced expressions of the conscience of leading powers, if to these concords to guard against conflict and lift the burdens of armament, if to all of these the Senate will not advise and consent, then it will be futile to try again. Here has been exercised every caution consistent with accomplishment. Here was a beginning on your advice, no matter when conceived, and the program was enlarged, only because assurances of tranquillity were deemed the appropriate concomitants of the great experiment in arms limitation.

I alluded a moment ago to my knowledge of the viewpoint of the Senate, from personal experience. Since that experience I have come to know the viewpoint and inescapable responsibility of the Executive. To the Executive comes the closer view of world relationship and a more impressive realization of the menaces, the anxieties, and the apprehensions to be met.

We have no rivalries in our devotion to the things we call American, because that is a common consecration. None of us means to endanger, none of us would sacrifice a cherished national inheritance. In mindfulness of this mutuality of interest, common devotion, and shared authority, I submit to the Senate that if we can not join in making effective these covenants for peace, and stamp this conference with America's approval, we shall discredit the influence of the Republic, render future efforts futile or unlikely, and write discouragement where to-day the world is ready to acclaim new hope.

Because of this feeling, because I believe in the merits of these engagements, I submit them to the Senate with every confidence that you will approve.

Report of the American Delegation, February 9, 1922 [85]

To the President: The undersigned, appointed by the President as Commissioners to represent the Government of the United States at the Conference on Limitation of Armament, have the honor to submit the following report of the Proceedings of the Conference.

On July 8, 1921, by direction of the President, the Department of State addressed an informal inquiry to the group of Powers known as the Principal Allied and Associated Powers—that is, Great Britain, France, Italy, and Japan [86]—to ascertain whether it would be agreeable to them to take part in a conference on the subject of limitation of armament, to be held in Washington at a time to be mutually agreed upon. In making this inquiry, it was stated to be manifest that the question of limitation of armament had a close relation to Pacific and Far Eastern problems, and the President suggested that the Powers especially interested in these problems should undertake in connection with the Conference the consideration of all matters bearing upon their solution with a view to reaching a common understanding with respect to principles and policies in the Far East. The suggestion having been favorably received, formal invitations were issued to the Powers above mentioned [87] to participate in a Conference on Limitation of Armament to be held in Washington on the eleventh day of November, 1921, and an invitation was also extended to Belgium, China, The Netherlands, and Portugal [88] to participate in the discussion of Pacific and Far Eastern questions in connection with the Conference.

These invitations were formally accepted and the first session of the Conference was held at Continental Hall in the City of Washington on the twelfth day of November, 1921, the time of the first session being postponed in order to permit the Delegates to attend the ceremonies upon the burial of the Unknown Soldier at Arlington Cemetery on November eleventh.

The following Delegates attended the Conference:

For the United States of America:

Charles Evans Hughes
Henry Cabot Lodge
Oscar W. Underwood
Elihu Root

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[85] Reprinted from S. Doc. 125, 67th Cong., 2d sess. For the complete texts of the resolutions discussed in this report, see p. 288.

[86] *Foreign Relations*, 1921, vol. I, p. 18.

[87] *Ibid.*, p. 56.

[88] *Ibid.*, pp. 57 and 76.

For Belgium:

Baron de Cartier, Belgian Ambassador to the United States

For the British Empire:

The Right Honorable A. J. Balfour, O. M., M. P., Lord President of the Council [89]

The Right Honorable Lord Lee of Fareham, G. B. E., K. C. B., First Lord of the Admiralty

The Right Honorable Sir Auckland Geddes, K. C. B., British Ambassador

Canada—

The Right Honorable Sir Robert Borden, G. C. M. G., K. C.

Australia—

Senator the Right Honorable G. F. Pearce, Australian Minister for Defense

New Zealand—

The Honorable Sir John Salmond, Judge of the Supreme Court of New Zealand

India—

The Right Honorable Srinivasa Sastri, member of the Indian Council of State

For China:

Mr. Sao-Ke Alfred Sze, Envoy Extraordinary and Minister Plenipotentiary to United States of America

Mr. V. K. Wellington Koo, Envoy Extraordinary and Minister Plenipotentiary to the Court of St. James

Mr. Chung-Hui Wang, Chief Justice of the Supreme Court of the Republic of China

For France:

M. Aristide Briand, President of the Council, Minister for Foreign Affairs

M. René Viviani, Deputy, Former President of the Council

M. Albert Sarraut, Senator, Minister of Colonies

M. Jules Jusserand, Ambassador of France to the United States

For Italy:

Signor Carlo Schanzer, Senator

Signor Vittorio Rolandi-Ricci, Senator, Italian Ambassador to the United States

Signor Luigi Albertini, Senator

For Japan:

Baron Tomasaburo Kato, Minister of Navy

Baron Kijuro Shidehara, Ambassador at Washington

Prince Iyesato Tokugawa, President of House of Peers

Mr. Masanao Hanihara, Vice Minister for Foreign Affairs

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[89] Mr. Balfour also represented the Union of South Africa at the Conference.

For the Netherlands:

Jonkheer H. A. van Karnebeek, Minister for Foreign Affairs
Jonkheer F. Beelaerts van Blokland, Envoy Extraordinary and Minister Plenipotentiary, Chief of the Political Division of the Ministry for Foreign Affairs
Dr. E. Moresco, Vice President of the Council of the Netherlands East Indies
Dr. J. C. A. Everwijn, Netherlands Minister to the United States
Jonkheer W. H. de Beaufort, Minister Plenipotentiary

For Portugal:

Viscount d'Alte, Portuguese Minister to the United States
Captain E. de Vasconcellos

American Advisory Committee

The President appointed an Advisory Committee of Twenty-One, with the following members: Honorable George Sutherland, Chairman; Mr. Charles S. Barrett; Mrs. Charles Sumner Bird; Mrs. Katherine Phillips Edson; Mrs. Eleanor Franklin Egan; Honorable Henry P. Fletcher, Under Secretary of State; Mr. Samuel Gompers; Honorable Herbert C. Hoover, Secretary of Commerce; Mr. John L. Lewis; Honorable John M. Parker, Governor of Louisiana; General John J. Pershing, U. S. A.; Honorable Stephen G. Porter, Member of Congress; Rear Admiral W. L. Rodgers, U. S. N.; Honorable Theodore Roosevelt, Assistant Secretary of the Navy; Honorable Willard Saulsbury; Mr. Harold M. Sewall; Mr. Walter George Smith; Mr. Carmi A. Thompson; Mr. William Boyce Thompson; Honorable J. Mayhew Wainwright, Assistant Secretary of War; Mrs. Thomas G. Winter.

The Advisory Committee made careful studies of all the problems before the Conference, and their reports and advice were of the greatest value.

The Secretariat of the American Delegation was composed as follows: Mr. Basil Miles, Secretary of the Delegation; Mr. Irwin Laughlin, Counselor of Embassy, Secretary; Mr. J. Butler Wright, Counselor of Embassy, Secretary; Mr. Edward Bell, Counselor of Embassy, Secretary; Mr. Philip H. Patchin, Department of State, Secretary; Mr. Henry Suydam, Department of State, Secretary; Mr. F. L. Mayer, First Secretary of Embassy, Secretary; Mr. Tracy Lay, Consul, Secretary; Mr. W. L. Hurley, Department of State, Secretary; Mr. Stanley Washburn, Secretary; Mr. Laurence H. Green, Assistant Secretary; Mr. W. H. Beck, Assistant Secretary; Mr. T. L. Daniels, Third Secretary of Embassy, Assistant Secretary; Mr. Jefferson Patterson, Third Secretary of Embassy, Assistant Sec-

retary; Mr. Stanley Hawks, Assistant Secretary; Mr. J. O. Denby, Third Secretary of Embassy, Assistant Secretary; Mr. John M. Vorys, Assistant Secretary.

Ceremonial, Protocol, Etc.—Honorable Robert Woods Bliss, Third Assistant Secretary of State; Mr. Warren D. Robbins, Counselor of Embassy; Mr. Charles Lee Cooke, Department of State; Mr. Richard Southgate, Second Secretary of Embassy; Mr. Hugh Millard, Third Secretary of Embassy.

Technical staff.—Limitation of Armament. For the Department of State: Honorable Henry P. Fletcher, Under Secretary of State; Mr. J. Reuben Clark, Special Counsel to the Department of State. For the War Department: Major General George O. Squier, Radio and Electrical Communications generally; Major General C. C. Williams, Chief of Ordnance; Major General M. M. Patrick, Chief of Air Service; Brigadier General William Mitchell, Aviation; Brigadier General Amos A. Fries, Chemical Warfare; Colonel John A. McA. Palmer, Organization and General Military Subjects; Colonel B. H. Wells, Organization and General Military Subjects; Lieutenant Colonel Stuart Heintzelman, Military Intelligence and Organization of Foreign Armies; Dr. Louis Cohen, Civilian Radio Engineer, Signal Corps. For the Navy Department: Honorable Theodore Roosevelt, Assistant Secretary of the Navy; Admiral Robert E. Coontz, Technical Expert-General; Rear Admiral William A. Moffett, Aeronautics; Rear Admiral William V. Pratt, Technical Expert-General; Captain Frank H. Schofield, Technical Expert-General; Captain Luke McNamee, Technical Expert-General; Captain Samuel W. Bryant, Communications; Commander C. Hooper, Radio; Mr. L. W. Austin, Radio; Chemical Warfare, Professor Edgar F. Smith, University of Pennsylvania.

Pacific and Far Eastern questions.—Mr. John Van A. MacMurray, Chief, Division of Far Eastern Affairs, Department of State; Mr. D. C. Poole, Chief, Division of Russian Affairs; Professor E. T. Williams, formerly Chief of Far Eastern Division, Department of State; Mr. Edward Bell, Counselor of Embassy; Mr. F. P. Lockhart, Department of State; Mr. J. S. Abbott, Department of Commerce; Mr. N. T. Johnson, Department of State; Mr. E. L. Neville, Department of State; Professor G. H. Blakeslee, Clark University; Mr. Stanley K. Hornbeck, Department of State; Mr. J. P. Jameson, Department of State; Mr. Robert F. Leonard, Department of State; Mr. F. L. Mayer, Department of State; Mr. J. O. Denby, Department of State; Mr. J. L. Donaldson, Department of State.

Legal questions.—Mr. F. K. Nielsen, Solicitor of the Department of State; Mr. Chandler P. Anderson, formerly Counselor, Department of State; Professor George G. Wilson; Dr. James Brown Scott.

Economic questions and merchant marine.—Dr. W. S. Culbertson, Commissioner, United States Tariff Commission; Daniel H. Cox, United States Shipping Board.

Communications.—Mr. Leland Harrison, Counselor of Embassy; Mr. S. W. Stratton, Department of Commerce; Mr. J. H. Dellinger, Department of Commerce; Mr. Walter S. Rogers, Department of State; and Army and Navy officers.

The proceedings of the Conference were opened with prayer by Reverend William S. Abernethy, D. D., of the Calvary Baptist Church of Washington.

The President then delivered an address, expressing in these memorable words the spirit and purpose of the Government of the United States:

"Gentlemen of the Conference, the United States welcomes you with unselfish hands. We harbor no fears; we have no sordid ends to serve; we suspect no enemy; we contemplate or apprehend no conquest. Content with what we have, we seek nothing which is another's. We only wish to do with you that finer, nobler thing which no nation can do alone.

"We wish to sit with you at the table of international understanding and good will. In good conscience we are eager to meet you frankly, and invite and offer cooperation. The world demands a sober contemplation of the existing order and the realization that there can be no cure without sacrifice, not by one of us, but by all of us.

"I do not mean surrendered rights, or narrowed freedom, or denied aspirations, or ignored national necessities. Our Republic would no more ask for these than it would give. No pride need be humbled, no nationality submerged, but I would have a mergence of minds committing all of us to less preparation for war and more enjoyment of fortunate peace.

"The higher hopes come of the spirit of our coming together. It is but just to recognize varying needs and peculiar positions. Nothing can be accomplished in disregard of national apprehensions. Rather, we should act together to remove the causes of apprehensions. This is not to be done in intrigue. Greater assurance is found in the exchanges of simple honesty and directness, among men resolved to accomplish as becomes leaders among nations, when civilization itself has come to its crucial test.

"It is not to be challenged that government fails when the excess of its cost robs the people of the way to happiness and the opportunity to achieve. If the finer sentiments were not urging, the cold, hard facts of excessive cost and the eloquence of economics would urge us to reduce our armaments. If the concept of a better order does not appeal, then let us ponder the burden and the blight of continued competition.

"It is not to be denied that the world has swung along throughout the ages without heeding this call from the kindlier hearts of men.

But the same world never before was so tragically brought to realization of the utter futility of passion's sway when reason and conscience and fellowship point a nobler way.

"I can speak officially only for our United States. Our hundred millions frankly want less of armament and none of war. Wholly free from guile, sure in our own minds that we harbor no unworthy designs, we accredit the world with the same good intent. So I welcome you, not alone in good will and high purpose, but with high faith.

"We are met for a service to mankind. In all simplicity, in all honesty and all honor, there may be written here the avowals of a world conscience refined by the consuming fires of war, and made more sensitive by the anxious aftermath. I hope for that understanding which will emphasize the guaranties of peace, and for commitments to less burdens and a better order which will tranquilize the world. In such an accomplishment there will be added glory to your flags and ours, and the rejoicing of mankind will make the transcending music of all succeeding time."

Organization and Procedure

Following the address of the President, the Conference, on motion of Mr. Balfour, elected the Secretary of State of the United States as Chairman of the Conference and of each committee of which he should be a member.

The Honorable John W. Garrett, of Baltimore, Maryland, was elected Secretary-General.

A committee on Program and Procedure was appointed, consisting of heads of the Delegations or such representative as each Power might select for the purpose.

As the Conference was to concern itself with two groups of questions which, though related, required separate investigation and discussion, that is, (1) the question of limitation of armament, and (2) Pacific and Far Eastern questions, it became necessary to provide a course of procedure which would facilitate the work of the Conference in both fields. In the public discussions which preceded the Conference there were apparently two competing views: (1) that the consideration of armament should await the result of the discussion of the Far Eastern questions, and another, that the latter discussion should be postponed until an agreement for limitation of armament had been reached. It was not thought necessary to adopt either of these extreme views. It was proposed that the Conference should proceed at once to consider the question of the limitation of armament, but this was not deemed to require the postponement of the examination of Far Eastern questions. In order to serve both purposes, two committees were set up (1) consisting of the plenipotentiary delegates of the Five Powers, the United States of

America, the British Empire, France, Italy, and Japan, to deal with questions of armament, and (2) consisting of the delegates of the Nine Powers, that is, the United States of America, Belgium, British Empire, China, France, Italy, Japan, The Netherlands, and Portugal, to deal with Pacific and Far Eastern questions.

The work of the two committees proceeded along parallel lines without interference with each other and the conclusions reached in each were reported, from time to time, to the Conference in plenary session for its adoption. Each committee provided itself with the necessary sub-committees dealing with technical questions and with drafting, so that in the most expeditious manner all questions before the Conference were thoroughly considered.

The Conference held seven plenary or public sessions, at the last of which, on February 6, 1922, the treaties approved by the Conference were signed.

While the sessions of the committees were not public, a complete record was kept of all their proceedings, and at the close of each session of the Committees on Armament and on Pacific and Far Eastern Questions, respectively, a communiqué was made to the Press, which, generally, stated all that had taken place in the committee and, in all cases, set forth whatever matters of importance had received attention.

Thus, full publicity was given to the proceedings of the Conference. The minutes of the plenary sessions and of the committees of the Conference are submitted herewith.[90]

The Agenda

In advance of the meeting of the Conference the Department of State prepared a tentative statement of agenda which was submitted to the invited Powers. It was as follows:

Limitation of Armament

One. Limitation of Naval Armament, under which shall be discussed
- (*a*) Basis of limitation.
- (*b*) Extent.
- (*c*) Fulfillment.

Two. Rules for control of new agencies of warfare.

Three. Limitation of Land Armament.

[90] Not printed.

Pacific and Far Eastern Questions

One. Questions relating to China.
First: Principles to be applied.
Second: Application.
Subjects: (*a*) Territorial integrity.
(*b*) Administrative integrity.
(*c*) Open door—Equality of commercial and industrial opportunity.
(*d*) Concessions, monopolies, or preferential economic privileges.
(*e*) Development of railways, including plans relating to Chinese Eastern Railway.
(*f*) Preferential railroad rates.
(*g*) Status of existing commitments.

Two. Siberia.
(similar headings).

Three. Mandated Islands.
(unless questions earlier settled).

Electrical Communications in the Pacific.

While this statement was not formally adopted by the Conference, the proceedings of the Conference followed closely the lines thus indicated.

Treaties and Resolutions

The following treaties were approved by the Conference and signed at the closing session on February 6, 1922:

(1) A treaty between the United States of America, the British Empire, France, Italy, and Japan, limiting naval armament.[91]
(2) A treaty between the same Powers, in relation to the use of submarines and noxious gases in warfare.[92]
(3) A treaty between all Nine Powers relating to principles and policies to be followed in matters concerning China.[93]
(4) A treaty between the Nine Powers relating to Chinese customs tariff.[94]

The following treaties were notified to the Conference:

(1) A treaty between the United States of America, the British Empire, France, and Japan, signed December 13, 1921, relating to their insular possessions and insular dominions in the Pacific Ocean.[95]

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[91] *Ante*, p. 247.
[92] *Ante*, p. 267.
[93] *Ante*, p. 276.
[94] *Ante*, p. 282.
[95] *Ante*, p. 33.

(2) A treaty between the same Powers, supplementary to the above, signed February 6, 1922.[96]
(3) A treaty between China and Japan, signed February 4, 1922, providing for the restoration to China of rights and interests in the Province of Shantung.[97]

In addition, while the Conference was in session, the Government of the United States and the Government of Japan reached an agreement in relation to the Island of Yap and the mandated islands in the Pacific Ocean, north of the Equator, which is to be embodied in a formal Convention.[98]

In other matters, not requiring treaty form, the conclusions and agreements of the Conference are embodied in a series of Resolutions,[99] which are described below.

For convenience, these Treaties and Resolutions are set forth in an Appendix.[1]

The proceedings of the Conference and the substance of the agreements to which reference has been made may be appropriately considered in the two main divisions already noted.

I. LIMITATION OF ARMAMENT

It was recognized at the outset that it would be difficult, if not impossible, to provide at this Conference for the limitation of land forces.

So far as the army of the United States is concerned, there was no question presented. It has always been the policy of the United States to have the regular military establishment upon the smallest possible basis. At the time of the Armistice, there were in the field and in training in the American Army upwards of 4,000,000 men. At once, upon the signing of the Armistice, demobilization began and it was practically completed in the course of the following year, and to-day our regular establishment numbers less than 160,000 men. The British Empire has also reduced its land forces to a minimum. The situation on the Continent was vividly depicted in an eloquent address by M. Briand, speaking for the Government of France in which he stated his conclusions as follows:

"The thought of reducing the armaments, which was the noble purpose of this Conference, is not one from which we would feel disinterested from the point of view of land armaments. We have shown that already. Immediately after the armistice demobilization began, and demobilization began as rapidly and

[96] *Ante*, p. 46.
[97] *Post*, p. 948.
[98] Vol. II, p. 600.
[99] *Ante*, pp. 288 ff.
[1] Appendix not printed.

as completely as possible. According to the military laws of France there are to be three classes of men; that is, three generations of young men under the flag. That law is still extant; that law is still valid. It has not been abrogated yet, and the Government has taken the responsibility to reduce to two years the time spent under the flag, and instead of three classes—three generations of young men—we have only two that are doing military service. It is therefore an immediate reduction by one-third that has already taken place in the effectives—and I am speaking of the normal effectives of the metropolis, leaving aside troops needed for colonial occupation or the obligation imposed by the treaty in Rhineland or countries under plebiscite. We did not think that endeavor was sufficient, and in the future we have plans in order to further restrict the extent of our army. In a few days it is certain that the proposals of the Government will be passed in the Chamber, and in order to further reduce the military service by half. That is to say, there will be only one class and a half actually serving. The metropolitan French army would be therefore reduced by half, but if anybody asks us to go further, to consent to other reductions, I should have to answer clearly and definitely that it would be impossible for us to do it without exposing ourselves to a most serious danger.

"You might possibly come and tell us 'This danger that you are exposed to, we see it, we realize it, and we are going to share it with you. We are going to offer you all means—put all means at your disposal in order to secure your safety.' Immediately, if we heard those words, of course we would strike upon another plan. We should be only too pleased to demonstrate the sincerity of our purpose. But we understand the difficulties and the necessities of the statesmen of other countries. We understand the position of other peoples who have also to face difficult and troublous situations. We are not selfish enough to ask other people to give a part of their sovereign national independence in order to turn it to our benefit and come to our help. We do not expect it; but here I am appealing to your consciences, if France is to remain alone, facing the situation such as I have described, and without any exaggeration—you must not deny her what she wants in order to insure her security. You must let her do what she has to do, if need arise and if the time comes." [2]

. . . . . .

"If by direction given to the labors of the Conference, it were possible somewhere over there in Europe—if it were possible to say that the outcome of this Conference is indirect blame and opprobrium cast upon France—if it was possible to point out France as the only country in the world that is still imperialistic, as the only country that opposes final disarmament, then, gentlemen, indeed this Conference would have dealt us a severe blow; but I am quite sure that nothing is further from your minds and from your intentions. If after listening to this argument, after weighing the reasons which you have just heard, you consider it then as valid, then, gen-

[2] The omission which follows is indicated in the report of the delegation.

tlemen, you will still be with us and you will agree with me in saying that France can not possibly do anything but what she has actually done."

Senator Schanzer described the Italian situation as follows:

"It is far from my mind to discuss what France considers indispensable for her national safety. That safety is as dear to us as it may be to them, and we are still morally by the side of our allies of yesterday and our friends of to-day.

"I wanted to say this. Only may I be allowed to express the wish and the hope that the general limitation of land armament may become a reality within the shortest possible space of time. Italy has fought the war for the highest aims which a country can seek, but Italy is in her soul a peace loving nation. I shall not repeat what I had the honor to state at the first meeting of the Conference, but I should like to emphasize again that Italy is one of the surest factors of the world's peace, that she has no reason whatsoever of conflict with any other country, that she is following and putting constantly into action a policy inspired by the principle of maintaining peace among all nations.

"Italy has succeeded in coming to a direct understanding with the Serb, Croat, and Slovene people and in order to attain such an end had made considerable sacrifices for the interest of the peace of Europe. Italy has pursued toward the successor countries to her former enemies a policy not only of pacification, but of assistance. And when a conflict arose between Austria and Hungary, a conflict which might have dragged into war the Danubian peoples, has offered to the two countries in conflict her friendly help in order to settle the dispute. Italy has succeeded and in so doing has actively contributed to the peace of Europe.

"Moreover, Italy has acted similarly within her own frontiers and has reduced her armed forces in the largest possible measure. She has considerably curtailed her navy expenditures in comparison to the pre-war time. The total amount of her armed forces does not exceed 200,000 men and a further reduction to 175,000 men is already planned, and 35,000 colored troops.

"Our ordinary war budget for the present financial year amounts to $52,000,000, including $11,000,000 expenses for police forces; the extraordinary part of the war budget, representing expenses dependent for the liquidation of the war, expenses therefore of a purely transitory character, amounts to $62,000,000.

"However, although we have all reduced our armaments to the greatest possible extent, we consider it necessary, for a complete solution of the problem of limitation of armaments in Europe, to take into consideration the armaments of the countries either created or transformed as a result of the war. The problem is not a simple one. It must be considered as a whole. It is a serious and urgent problem, for which a solution at no far distant day is necessary."

Baron Kato spoke as follows:

"I would like to say this morning just a few words on land armament limitation. Japan is quite ready to announce her hearty

approval of the principle which aims to relieve a people of heavy burdens by limiting land armaments to those which are necessary for national security and the maintenance of order within the territory.

"The size of the land armaments of each state should be determined by its peculiar geographical situation and other circumstances, and these basic factors are so divergent and complicated that an effort to draw final comparisons is hardly possible. If I may venture to say it, it is not an easy task to lay down a general scheme for the limitation of land armaments, as in the case of limitation of naval armaments. Nevertheless, Japan has not the slightest intention of maintaining land armaments which are in excess of those which are absolutely necessary for purely defensive purposes, necessitated by the Far Eastern situation."

Further consideration made it quite clear that no agreement for the limitation of land forces could be had at this time.

Limitation of Naval Armament

A different condition existed in relation to naval armament. It was believed by the Government of the United States that an agreement providing for a sweeping reduction and for an effective limitation for the future was entirely feasible. It was pointed out, after considering the failure of earlier endeavors for limitation of armaments that the Powers could no longer content themselves with investigations, with statistics, with reports, with the circumlocution of inquiry; that the time had come, and the Conference had been called, not for general resolutions or mutual advice, but for action.

The following general considerations were deemed to be pertinent.[3]

"The first is that the core of the difficulty is to be found in the competition in naval programs, and that, in order appropriately to limit naval armament, competition in its production must be abandoned. Competition will not be remedied by resolves with respect to the method of its continuance. One program inevitably leads to another, and if competition continues its regulation is impracticable. There is only one adequate way out and that is to end it now.

"It is apparent that this can not be accomplished without serious sacrifices. Enormous sums have been expended upon ships under construction and building programs which are now under way can not be given up without heavy loss. Yet if the present construction of capital ships goes forward other ships will inevitably be built to rival them, and this will lead to still others. Thus the race will continue so long as ability to continue lasts. The effort to escape sacrifices is futile. We must face them or yield our purpose.

"It is also clear that no one of the naval Powers should be expected to make these sacrifices alone. The only hope of limitation of naval armament is by agreement among the nations concerned,

[3] The quotation which follows is from the address of Secretary Hughes on assuming the office of Chairman of the Conference.

and this agreement should be entirely fair and reasonable in the extent of the sacrifices required of each of the Powers. In considering the basis of such an agreement, and the commensurate sacrifices to be required, it is necessary to have regard to the existing naval strength of the great naval Powers, including the extent of construction already effected in the case of ships in process. This follows from the fact that one nation is as free to compete as another, and each may find grounds for its action. What one may do another may demand the opportunity to rival, and we remain in the thrall of competitive effort."

But it was necessary to go beyond general observations. It was apparent that, in this field of opportunity, it was essential that the American Government, as the convener of the Conference, should be prepared with a definite and practicable plan. After the most careful consideration and detailed examination of the problem, with the aid of the experts of the American Navy, a plan was prepared and, under instructions of the President, was presented to the Conference by the American Delegation.

The American Plan [4]

It was clear at the outset, and the negotiations during the Conference put it beyond doubt, that no agreement for the limitation of naval armament could be effected which did not embrace the navies of France and Italy. At the same time, it was recognized that neither of these nations, in view of the extraordinary conditions due to the World War, affecting their existing naval strength, could be expected to make the sacrifices which necessarily would lie at the basis of an agreement for limitation. These sacrifices could, however, be reasonably expected of the United States, the British Empire, and Japan, and these were the Powers then actually engaged in the competitive building of warships. The American plan, therefore, temporarily postponed the consideration of the navies of France and Italy and definitely proposed a program of limitation for the United States, British Empire, and Japan. The proposal was one of renunciation of building programs, of scrapping of existing ships, and of establishing an agreed ratio of naval strength. It was a proposal of sacrifices, and the American Government, in making the proposal, at once stated the sacrifices which it was ready to make and upon the basis of which alone it asked commensurate sacrifices from others.

The American plan rested upon the application of these four general principles: [5]

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[4] For complete text of the American proposal, see p. 53.

[5] The quotations which follow are from the address of Secretary Hughes on assuming the office of Chairman of the Conference.

" (1) That all capital-shipbuilding programs, either actual or projected, should be abandoned;

" (2) That further reduction should be made through the scrapping of certain of the older ships;

" (3) That in general regard should be had to the existing naval strength of the Powers concerned;

" (4) That the capital ship tonnage should be used as the measurement of strength for navies and a proportionate allowance of auxiliary combatant craft prescribed."

More specifically, the plan in relation to capital ships was as follows:

" CAPITAL SHIPS

" *United States:*

" The United States is now completing its program of 1916 calling for 10 new battleships and 6 battle cruisers. One battleship has been completed. The others are in various stages of construction; in some cases from 60 to over 80 per cent of the construction has been done. On these 15 capital ships now being built over $330,000,000 have been spent. Still, the United States is willing in the interest of an immediate limitation of naval armament to scrap all these ships.

"The United States proposes, if this plan is accepted—

"(1) To scrap all capital ships now under construction. This includes 6 battle cruisers and 7 battleships on the ways and in course of building, and 2 battleships launched.

" The total number of new capital ships thus to be scrapped is 15. The total tonnage of the new capital ships when completed would be 618,000 tons.

"(2) To scrap all the older battleships up to, but not including, the *Delaware* and *North Dakota*. The number of these old battleships to be scrapped is 15. Their total tonnage is 227,740 tons.

" Thus the number of capital ships to be scrapped by the United States, if this plan is accepted, is 30, with an aggregate tonnage (including that of ships in construction, if completed) of 845,740 tons.

" *Great Britain:*

" The plan contemplates that Great Britain and Japan shall take action which is fairly commensurate with this action on the part of the United States.

" It is proposed that Great Britain—

"(1) Shall stop further construction of the four new *Hoods*, the new capital ships not laid down but upon which money has been spent. These 4 ships, if completed, would have tonnage displacement of 172,000 tons.

"(2) Shall, in addition, scrap her predreadnaughts, second-line battleships, and first-line battleships up to, but not including, the *King George V* class.

"These, with certain predreadnaughts which it is understood have already been scrapped, would amount to 19 capital ships and a tonnage reduction of 411,375 tons.

"The total tonnage of ships thus to be scrapped by Great Britain (including the tonnage of the 4 *Hoods*, if completed) would be 583,375 tons.

"*Japan:*

"It is proposed that Japan—

"(1) Shall abandon her program of ships not yet laid down, viz, the *Kii*, *Owari*, *No. 7*, and *No. 8* battleships, and *Nos. 5*, *6*, *7*, and *8*, battle cruisers.

"It should be observed that this [idea] does not involve the stopping of construction, as the construction of none of these ships has been begun.

"(2) Shall scrap 3 capital ships (the *Mutsu* launched, the *Tosa* and *Kaga* in course of building) and 4 battle cruisers (the *Amagi* and *Akagi* in course of building, and the *Atoga* and *Takao* not yet laid down, but for which certain material has been assembled).

"The total number of new capital ships to be scrapped under this paragraph is seven. The total tonnage of these new capital ships when completed would be 289,100 tons.

"(3) Shall scrap all predreadnaughts and battleships of the second line. This would include the scrapping of all ships up to but not including the *Settsu;* that is, the scrapping of 10 older ships, with a total tonnage of 159,828 tons.

"The total reduction of tonnage on vessels existing, laid down, or for which material has been assembled (taking the tonnage of the new ships when completed), would be 448,928 tons.

"Thus, under this plan there would be immediately destroyed, of the navies of the three Powers, 66 capital fighting ships, built and building, with a total tonnage of 1,878,043.

"It is proposed that it should be agreed by the United States, Great Britain, and Japan that their navies, with respect to capital ships, within three months after the making of the agreement, shall consist of certain ships designated in the proposal and numbering for the United States 18, for Great Britain 22, for Japan 10.

"The tonnage of these ships would be as follows: Of the United States, 500,650; of Great Britain, 604,450; of Japan, 299,700. In reaching this result, the age factor in the case of the respective navies has received appropriate consideration.

"Replacement:

"With respect to replacement, the United States proposes:

"(1) That it be agreed that the first replacement tonnage shall not be laid down until 10 years from the date of the agreement;

"(2) That replacement be limited by an agreed maximum of capital ship tonnage as follows:

	Tons
For the United States	500,000
For Great Britain	500,000
For Japan	300,000

"(3) That subject to the 10-year limitation above fixed and the maximum standard, capital ships may be replaced when they are 20 years old by new capital ship construction;

"(4) That no capital ship shall be built in replacement with a tonnage displacement of more than 35,000 tons."

This proposal was presented on behalf of the American Delegation at the first session of the Conference, and at once evoked from the other delegates expressions of assent in principle. The question of a definite agreement, however, presented many difficulties requiring protracted negotiations, in which a conclusion was not finally reached until January 31, 1922, when the draft of the proposed Naval Treaty was adopted in the Committee on Limitation of Armament.

Capital Ship Ratio

It was obvious that no agreement for limitation was possible if the three Powers were not content to take as a basis their actual existing naval strength. General considerations of national need, aspirations and expectations, policy and program, could be brought forward by each Power in justification of some hypothetical relation of naval strength with no result but profitless and interminable discussion. The solution was to take what the Powers actually had, as it was manifest that neither could better its relative position unless it won in the race which it was the object of the Conference to end. It was impossible to terminate competition in naval armament if the Powers were to condition their agreement upon the advantages they hoped to gain in the competition itself. Accordingly, when the argument was presented by Japan that a better ratio—that is, one more favorable to Japan than that assigned by the American plan, should be adopted and emphasis was placed upon the asserted needs of Japan, the answer was made that if Japan was entitled to a better ratio upon the basis of actual existing naval strength, it should be, but otherwise it could not be accepted. The American plan fixed the ratio between the United States, the British Empire, and Japan as 5–5–3, or 10–10–6; Great Britain at once agreed, but the Japanese Government desired a ratio of 10–10–7.

There was general agreement that the American rule for determining existing naval strength was correct, that is, that it should be determined according to capital ship tonnage. There was, however, a further question and that was as to what should be embraced for that purpose within the capital ship tonnage of each nation. It was the position of the American Government that paper programs should not be counted, but only ships laid down or upon which money had been spent. It was also the position of the American Government that ships in course of construction should be counted to the extent

to which construction had already progressed at the time of the convening of the Conference. The latter position was strongly contested by Japan upon the ground that a ship was not a ship unless it was completed and ready to fight. It was pointed out, however, that in case of an emergency a warship which was 90 per cent completed was to that extent ready and that only the remaining 10 per cent of construction was necessary; and, similarly, in the case of a ship 70 per cent or 50 per cent or other per cent completed the work done was so much of naval strength in hand. It was also pointed out that it did not follow that because a ship had been completed that it was ready for action; it might be out of repair; its engines, boilers, apparatus, armament, might need replacement. It was idle to attempt to determine naval strength on supposed readiness for action at a given day. Objections could be made to any standard of measurement but the most practicable standard was to take the existing capital ship tonnage, including the percentage of construction already effected in the case of ships which were being built. It was added that the American Government, while ready to sacrifice, in accordance with the terms of its proposal, its battleships and battle cruisers in course of construction, was not willing to ignore the percentage of naval strength represented by over $300,000,000 expended on the unfinished ships.

The American Government submitted to the British and Japanese naval experts its records with respect to the extent of the work which had been done on the ships under construction, and the negotiations resulted in an acceptance by both Great Britain and Japan of the ratio which the American Government had proposed.

Fortifications in the Pacific

Before assenting to this ratio the Japanese Government desired assurances with regard to the increase of fortifications and naval bases in the Pacific Ocean. It was insisted that while the capital ship ratio proposed by the American Government might be acceptable under existing conditions, it could not be regarded as acceptable by the Japanese Government if the Government of the United States should fortify or establish additional naval bases in the Pacific Ocean.

The American Government took the position that it could not entertain any question as to the fortifications of its own coasts or of the Hawaiian Islands, with respect to which it must remain entirely unrestricted. Despite the fact that the American Government did not entertain any aggressive purpose whatever, it was recognized that the fortification of other insular possessions in the Pacific might be regarded from the Japanese standpoint as creating

a new naval situation, and as constituting a menace to Japan, and hence the American Delegation expressed itself as willing to maintain the *status quo* as to fortifications and naval bases in its insular possessions in the Pacific, except as above stated, if Japan and the British Empire would do the like. It was recognized that no limitation should be made with respect to the main islands of Japan or Australia and New Zealand, with their adjacent islands, any more than with respect to the insular possessions adjacent to the coast of the United States, including Alaska and the Panama Canal Zone, or the Hawaiian Islands. The case of the Aleutian Islands, stretching out toward Japan, was a special one and had its counterpart in that of the Kurile Islands belonging to Japan and reaching out to the northeast toward the Aleutians. It was finally agreed that the *status quo* should be maintained as to both these groups.

After prolonged negotiations, the three Powers—the United States, the British Empire and Japan—made an agreement that the *status quo* at the time of the signing of the Naval Treaty, with regard to fortifications and naval bases, should be maintained in their respective territories and possessions, which were specified as follows (Naval Treaty, Article XIX):

"(1) The insular possessions which the United States now holds or may hereafter acquire in the Pacific Ocean, except (*a*) those adjacent to the coast of the United States, Alaska and the Panama Canal Zone, not including the Aleutian Islands, and (*b*) the Hawaiian Islands;

"(2) Hongkong and the insular possessions which the British Empire now holds or may hereafter acquire in the Pacific Ocean, east of the meridian of 110° east longitude, except (*a*) those adjacent to the coast of Canada, (*b*) the Commonwealth of Australia and its Territories, and (*c*) New Zealand;

"(3) The following insular territories and possessions of Japan in the Pacific Ocean, to wit: The Kurile Islands, the Bonin Islands, Amami-Oshima, the Loochoo Islands, Formosa and the Pescadores, and any insular territories or possessions in the Pacific Ocean which Japan may hereafter acquire."

The same article of the treaty also contains the following provision with respect to the meaning of the maintenance of the *status quo:*

"The maintenance of the *status quo* under the foregoing provisions implies that no new fortifications or naval bases shall be established in the territories and possessions specified; that no measures shall be taken to increase the existing naval facilities for the repair and maintenance of naval forces, and that no increase shall be made in the coast defences of the territories and possessions above specified. This restriction, however, does not preclude such repair and replacement of worn-out weapons and equipment as is customary in naval and military establishments in time of peace."

The Case of the "Mutsu"

Among the ships which the American Government proposed should be scrapped by Japan was the *Mutsu*. It was the understanding of the American Government that this ship was still incomplete at the time of the meeting of the Conference, although it was nearly completed, that is, to the extent of about 98 per cent. It was proposed to be scrapped as all other ships which were in course of construction; thus the Government of the United States included among its own ships which were to be scrapped two ships which were about 90 per cent completed.

The Japanese Delegation, however, insisted that the *Mutsu* had actually been finished, was commissioned and fully manned before the Conference met. Apart from this point, this latest accession to the Japanese Navy was the especial pride of the Japanese people. It was their finest war vessel and, it is understood, had been built, in part at least, through popular subscriptions and in circumstances evoking patriotic pride in the highest degree.

It was deemed by the Japanese Delegation to be quite impossible to induce the consent of their Government to any proposal of limitation which would involve the scrapping of the *Mutsu*. Its retention, however, created serious difficulties because of the disproportion of advantage that would accrue to Japan through the possession of such a ship. Japan offered to scrap the *Settsu*, one of the older ships that was to have been retained by Japan under the American plan, and also recognized that the gain to Japan through the *Mutsu* should be offset by the completion on the part of the United States of two of her battleships under construction and by the construction on the part of Great Britain of two new ships.

It was accordingly agreed that the Government of the United States should finish two ships of the *West Virginia* class, that were under construction, and on their completion should scrap the *North Dakota* and the *Delaware*, which under the original plan were to have been retained. Great Britain, on her part, was to be permitted to build two new ships, and upon their completion was to scrap four (4) of the older ships which would otherwise have been retained. In this way the balance of the three navies was kept. Nor was there any serious change in the final agreement establishing the maximum limits of the capital ship replacement tonnage. The original American plan had called for the following:

United States, 500,000 tons
British Empire, 500,000 tons
Japan, 300,000 tons

The plan as modified became:

United States, 525,000 tons
British Empire, 525,000 tons
Japan, 315,000 tons

Thus maintaining the ratio of 5–5–3.

An important concession was made by Great Britain with respect to the two new ships which she was permitted to build. Great Britain, as stated in the American proposal, had already planned four (4) new *Hoods*. These ships had been designed and considerable time would have been saved in proceeding to build the two new ships according to the existing plans, but the new ships were designed greatly to exceed in tonnage any existing ship; their tonnage displacement, it is understood, was to be about 49,000 tons. Great Britain agreed not only to abandon her program for the four (4) new *Hoods*, but in building the two new ships that they should not exceed 35,000 tons standard displacement, respectively.

Thus, with respect to capital ships, the United States, the British Empire, and Japan were able to reach an agreement, but this was tentative and depended upon a suitable agreement being reached with France and Italy.

France and Italy

The scheme of reduction accepted by the United States, Great Britain, and Japan involved the scrapping of capital ships to the extent of approximately 40 per cent of the existing strength. It was realized that no such reduction could be asked of either France or Italy and that the case of their navies required special consideration.

France had seven (7) dreadnaughts with a tonnage of 164,500 tons, and three (3) predreadnaughts, making a total of about 221,000 tons. In the case of the United States, Great Britain, and Japan it was provided that their predreadnaughts should be scrapped without any provision for replacement, and there was to be, in addition, a reduction of about 40 per cent of the naval strength represented by dreadnaughts and superdreadnaughts. Reducing in the same proportion as the United States has reduced, France's tonnage of capital ships would be fixed at 102,000 tons, or, if the predreadnaughts of France were taken into the calculation on her side although omitted on the side of the United States, the total tonnage of France's capital ships being taken at 221,000 tons, a reduction on the same basis would leave France with only 136,000 tons. This was deemed to be impracticable. It was thought entirely fair, however, that France, in the replacement schedule, should be allowed a maximum tonnage equivalent to the existing tonnage of her seven (7) dreadnaughts with a slight increase, that is, that the maximum

limit of capital ships, for the purpose of replacement, should be fixed at 175,000 tons.

Italy sought parity with France, and this principle having been accepted in the course of the discussion, it was likewise proposed that Italy should be allowed 175,000 tons of capital ships in replacement. The present tonnage of Italy is about 182,800 tons. The proposed maximum limit of 175,000 tons was at once accepted by Italy.

France expressed the desire to be allowed 10 capital ships, which, at a tonnage of 35,000 tons each, would have given her 350,000 tons. This was deemed to be excessive as a part of a plan for the limitation of armament, and, had it been insisted upon, would probably have made impossible an agreement for an effective limitation of capital ship tonnage. But, after discussion, France consented to the maximum limit of 175,000 tons for capital ships.

Auxiliary Craft

In the original American proposal it was stated that the allowance of auxiliary combatant craft to each Power should be in proportion to the capital ship tonnage. The proposal for the three Powers—the United States, Great Britain, and Japan—was that the total tonnage of cruisers, flotilla leaders, and destroyers allowed each Power should be as follows:

United States, 450,000 tons
Great Britain, 450,000 tons
Japan, 270,000 tons

And that the total tonnage of submarines allowed each of these Powers should be:

United States, 90,000 tons
Great Britain, 90,000 tons
Japan, 54,000 tons

In the same proportion as the capital ship tonnage, this would have left for France and Italy, in the case of cruisers, flotilla leaders and destroyers, a maximum of 150,000 tons for each of these Powers; and, in the case of submarines, a maximum of 30,000 tons each.

The American Delegation felt that the original proposal for submarines was too high, and, aided by the advice of our naval experts, proposed that the maximum limit for the United States and Great Britain in submarine tonnage should be 60,000 tons each; and that France, Japan and Italy should retain the tonnage in submarines that they now have, that is, should maintain the *status quo* as regards submarine tonnage. It was understood that the present submarine tonnage of France was 31,391 tons; of Japan 31,452 tons, and of

Italy somewhat less, about 21,000 tons. This proposition was not accepted, being opposed both by Japan and France. Japan stated her willingness to adhere to the original proposal, which allowed her 54,000 tons in submarines.

In accepting the allowance for capital ships, France had made a distinct reservation. It was said that it would be impossible for the French Government to accept reductions for light cruisers, torpedo boats and submarines corresponding to those which were accepted for capital ships. Accordingly, France maintained that her necessities required that she should be allowed 330,000 tons for cruisers, etc., and 90,000 tons for submarines.

M. Sarraut thus stated the position of the French Government:

"After examining, on the other hand, the composition of the forces needed by France in auxiliary craft and submarines, which are especially intended for the protection of her territory and its communications, the Cabinet and the Supreme Council of National Defense, have reached the conclusion that it is impossible to accept a limitation below that of 330,000 tons for auxiliary craft and 90,000 tons for submarines, without imperiling the vital interests of the country and of its colonies and the safety of their naval life.

"The French delegation has been instructed to consent to no concession on the above figures.

"To sum up, France accepts, as regards capital ships, the sacrifice which she must face in order to meet the views of the Conference and which represents an important reduction of her normal sea power. She limits the program of the future establishment of her fleet to 330,000 tons for auxiliary craft and to 90,000 tons for submarines."

In view of the insistence on the part of the French Delegation that they could not abate their requirements as to auxiliary craft and submarines, the British Delegation stated that they were unable to consent to a limitation of auxiliary craft adapted to meet submarines.

For this reason it was found to be impossible to carry out the American plan so far as limitation of auxiliary craft and submarines was concerned.

The Naval Treaty

The agreement finally reached was set forth in the Naval Treaty, signed on February 6, 1922.

With respect to capital ships, while there are certain changes in detail, the integrity of the plan proposed on behalf of the American Government has been maintained, and the spirit in which that proposal was made, and in which it was received, dominated the entire negotiations and brought them to a successful conclusion.

[Here follows a summary *in extenso* of the treaty printed on page 247.]

This is a summary of the engagements of the Naval Treaty. Probably no more significant treaty was ever made. Instead of discussing the desirability of diminishing the burdens of naval armament, the Conference has succeeded in limiting them to an important degree.

It is obvious that this agreement means ultimately an enormous saving of money and the lifting of a heavy and unnecessary burden. The Treaty absolutely stops the race in competition in naval armament. At the same time it leaves the relative security of the great naval powers unimpaired. No national interest has been sacrificed; a wasteful production of unnecessary armament has been ended.

While it was desired that an agreement should be reached for the limitation of auxiliary craft and submarines, its importance should not be overestimated. Limitation has been effected where it was most needed, both with respect to the avoidance of the heaviest outlays and with reference to the promptings to war, which may be found in excessive preparation. Moreover, it is far from probable that the absence of limitation, in the other field, will lead to production of either auxiliary craft or submarines in excess of their normal relation to capital ships. Peoples are not in a mood for unnecessary naval expenditures.

The limitation of capital ships, in itself, substantially meets the existing need, and its indirect effect will be to stop the inordinate production of any sort of naval craft.

Rules for Control of New Agencies of Warfare

Submarines

The British Delegation submitted a proposition for the abolition of submarines. This proposal was put upon the records in the following form:

"The British Empire Delegation desires formally to place on record this [*its*] opinion that the use of submarines whilst of small value for defensive purposes, leads inevitably to acts which are inconsistent with the laws of war and the dictates of humanity, and the Delegation desires that united action should be taken by all nations to forbid their maintenance, construction, or employment."

The proposal was discussed at length, the British Delegation bringing forward in its support arguments of great force based upon the experience of Great Britain in the recent war. It met with opposition from France, Italy, and Japan.

The American Delegation not only had the opinion of their naval advisers in opposition to the proposal, but also had received a careful report upon the subject from the Advisory Committee of Twenty-One appointed by the President. This report was presented by the Ameri-

can Delegation as setting forth in a succinct manner the position of their Government. In this report it was stated:[8]

"Unlimited submarine warfare should be outlawed. Laws should be drawn up prescribing the methods of procedure of submarines against merchant vessels both neutral and belligerent. These rules should accord with the rules observed by surface craft. Laws should also be made which prohibit the use of false flags and offensive arming of merchant vessels. The use of false flags has already ceased in land warfare. No one can prevent an enemy from running 'amuck' but immediately he does, he outlaws himself and invites sure defeat by bringing down the wrath of the world upon his head. If the submarine is required to operate under the same rule as combatant surface vessels no objection can be raised as to its use against merchant vessels. The individual captains of submarines are no more likely to violate instructions from their government[s] upon this point than are captains of any other type of ship acting independently.

"SUBMARINES AGAINST COMBATANT SHIPS

"Against enemy men of war the submarine may be likened to the advance guard on land which hides in a tree or uses underbrush to conceal itself. If the infantry in its advance encounters an ambuscade, it suffers greatly even if it is not totally annihilated. However, an ambuscade is entirely legitimate. In the same fashion a submarine strikes the advancing enemy from concealment and no nation cries out against this form of attack as illegal. Its Navy simply becomes more vigilant, moves faster and uses its surface scouts to protect itself.

"The submarine carries the same weapons as surface vessels, i. e., torpedoes, mines, and guns. There is no prohibition of their use on surface craft and there can be none on submarines. Submarines are particularly well adapted to use mines and torpedoes. They can approach to the desired spot without being seen, lay their mines or discharge their torpedoes and make their escape.

"The best defense against them is eternal vigilance and high speed. This causes added fatigue to the personnel and greater wear to the machinery. The continual menace of submarines in the vicinity may so wear down a fleet that when it meets the enemy it will be so exhausted as to make its defeat a simple matter.

"The submarine as a man-of-war has a very vital part to play. It has come to stay. It may strike without warning against combatant vessels, as surface ships may do also, but it must be required to observe the prescribed rules of surface craft when opposing merchantmen, as at other times.

"THE SUBMARINE AS A SCOUT

"As a scout the submarine has great possibilities—it is the one type of vessel able to proceed unsupported into distant enemy waters and maintain itself to observe and report enemy movements. At present its principal handicaps are poor habitability

[8] The report is printed in full in *Conference on the Limitation of Armament*, p. 492.

and lack of radio power to transmit its information. However, these may be overcome in some degree in the future. Here, again, the submarine has come to stay—it has great value, a legitimate use, and no nation can decry its employment in this fashion.[9]

. . . . . .

"The submarine is particularly an instrument of weak naval powers. The business of the world is carried on upon the surface of the sea. Any navy which is dominant on the surface prefers to rely on that superiority. While navies comparatively weak, may but threaten that dominance by developing a new form of attack to attain success through surprise. Hence submarines have offered and secured advantages until the method of successful counterattack has been developed.

"The United States Navy lacks a proper number of cruisers. The few we have would be unable to cover the necessary area to obtain information. Submarines could greatly assist them as they can not be driven in by enemy scouts.

"The cost per annum of maintaining 100,000 tons of submarines fully manned and ready is about thirty million dollars. For the work which will be required of them in an emergency, this cost is small when taken in connection with the entire Navy. The retention of a large submarine force may at some future time result in the United States holding its outlying possessions. If these colonies once fall the expenditure of men necessary to recapture them will be tremendous and may result in a drawn war which would really be a United States defeat. The United States needs a large submarine force to protect its interests.

"The Committee is therefore of the opinion that unlimited warfare by submarines on commerce should be outlawed. The right of visit and search must be exercised by submarines under the same rules as for surface vessels. It does not approve limitation in size of submarines."

Illegal Submarine Warfare—Use of Submarines Against Merchant Ships—Poison Gas

While the Conference was unable either to abolish or limit submarines, it stated, with clarity and force, the existing rules of international law which condemned the abhorrent practices followed in the recent war in the use of submarines against merchant vessels. The resolutions adopted by the Conference as to the use of submarines against merchant vessels, and with respect to the use of poison gas, were put in the form of a treaty which was signed on February 6, 1922. The substantive portions of this Treaty are as follows:

[Here follow the first five articles of the treaty which is printed in full on page 267.]

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[9] The omission which follows is indicated in the report of the delegation.

Mr. Root, in presenting this Treaty for the approval of the Conference, said:

"You will observe that this treaty does not undertake to codify international law in respect of visit, search or seizure of merchant vessels. What it does undertake to do is to state the most important and effective provisions of the law of nations in regard to the treatment of merchant vessels by belligerent warships, and to declare that submarines are, under no circumstances, exempt from these humane rules for the protection of the life of innocent noncombatants.

"It undertakes further to stigmatize violation of these rules, and the doing to death of women and children and noncombatants by the wanton destruction of merchant vessels upon which they are passengers and by [*as*] a violation of the laws of war, which as between these five great powers and all other civilized nations who shall give their adherence [thereto,] shall be henceforth punished as an act of piracy.

"It undertakes further to prevent temptation to the violation of these rules by the use of submarines for the capture of merchant vessels, and to prohibit that use altogether. It undertakes further to denounce the use of poisonous gases and chemicals in war, as they were used to the horror of all civilization in the war of 1914–1918.

"Cynics have said that in the stress of war these rules will be violated. Cynics are always near-sighted, and often and usually [10] the decisive facts lie beyond the range of their vision.

"We may grant that rules limiting the use of implements of warfare made between diplomatists will be violated in the stress of conflict. We may grant that the most solemn obligation assumed by governments in respect of the use of implements of war will be violated in the stress of conflict; but beyond diplomatists and beyond governments there rests the public opinion of the civilized world, and the public opinion of the world can punish. It can bring its sanction to the support of a prohibition with as terrible consequences as any criminal statute of Congress or of Parliament.

"We may grant that in matters which are complicated and difficult, where the facts are disputed and the argument is sophistic, public opinion may be confused and ineffective, yet when a rule of action, clear and simple, is based upon the fundamental ideas of humanity and right conduct, and the public opinion of the world has reached a decisive judgment upon it, that rule will be enforced by the greatest power known to human history, the power that is the hope of the world, [and] will be a hope justified."

Commission to Revise Rules of War

The Conference adopted the following Resolution for the appointment of a commission to examine the rules made necessary by recent experience with respect to new agencies of warfare:

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[10] The words "and usually" do not appear in the official transcript of Mr. Root's address.

"I. That a Commission composed of not more than two members representing each of the above-mentioned Powers shall be constituted to consider the following questions:

"(*a*) Do existing rules of International Law adequately cover new methods of attack or defense resulting from the introduction or development, since the Hague Conference of 1907, of new agencies of warfare?

"(*b*) If not so, what changes in the existing rules ought to be adopted in consequence thereof as a part of the law of nations?

"II. That notices of appointment of the members of the Commission shall be transmitted to the Government of the United States of America within three months after the adjournment of the present Conference, which after consultation with the Powers concerned will fix the day and place for the meeting of the Commission.

"III. That the Commission shall be at liberty to request assistance and advice from experts in International Law and in land, naval, and aerial warfare.

"IV. That the Commission shall report its conclusions to each of the Powers represented in its membership.

"Those Powers shall thereupon confer as to the acceptance of the report and the course to be followed to secure the consideration of its recommendations by the other civilized Powers."

A further resolution was adopted at the same time, as follows:

"*Resolved*, That it is not the intention of the Powers agreeing to the appointment of a Commission to consider and report upon the rules of International Law respecting new agencies of warfare that the Commission shall review or report upon the rules or declarations relating to submarines or the use of noxious gases and chemicals already adopted by the Powers in this Conference."

Aircraft

It was found to be impracticable to adopt rules for the limitation of aircraft in number, size, or character, in view of the fact that such rules would be of little or no value unless the production of commercial aircraft were similarly restricted. It was deemed to be inadvisable thus to hamper the development of a facility which could not fail to be important in the progress of civilization.

II. PACIFIC AND FAR EASTERN QUESTIONS

When the Conference was called there existed with regard to the Far East causes of misunderstanding and sources of controversy which constituted a serious potential danger. These difficulties centered principally about China, where the developments of the

past quarter of a century had produced a situation in which international rivalries, jealousies, distrust, and antagonism were fostered.

The people of China are the inheritors of the oldest extant civilization of the world; but it is a civilization which has followed a course of development different from that of the West. It has almost wholly ignored the material, the mechanical, the scientific, and industrial mastery of natural resources, which has so characterized our Western civilization in its later growth, and has led among us to the creation of an intricate industrial system. The spirit of Chinese civilization has, moreover, been pacifist, and lacking in the consciousness of nationality as we understand that term. In its political aspects, the ideal of that civilization was to follow the principle of self-government by the family or guild to an extreme. The throne had imposed upon the people virtually no authority and exercised virtually no functions save to preserve order and to collect taxes for the maintenance of the throne as a symbol of national or racial unity.

So long as China lived as a race apart, as a self-contained agricultural country, such a political ideal was possible of realization; and we who are the inheritors of so different a tradition can not but pay respect to China's civilization.

It is perhaps one of the tragedies of human evolution that the fine civilization which had developed in China and which had spread to other lands of eastern Asia was of necessity withered by contact with our more material western system of living. The Asiatic nations seem to have been conscious of this in their early contacts with the European world; and for a time they sought to exclude the new influences. Failing in that, they met the problem in different ways. Japan, with its highly centralized system, which, in marked contrast with the political ideals of China, had instilled into its people a national consciousness and loyalty and obedience in a singular degree, had found it possible within a comparatively few decades to adapt itself to membership in the family of modern nations; and by what is doubtless the most extraordinary transformation in history, took on so much of the material development and political tradition of the West as enabled her empire to become what it is to-day, one of the foremost nations of the world.

China, on the other hand, with its age-long devotion to a political ideal which scarcely involved the concept of the State, and which had afforded its people no experience of coordinated action for political ends, was slower to adapt itself to conditions arising out of what it regarded as the intrusion of the West. Even after it had ceased actually to oppose this intrusion, it still sought to hold itself aloof and to carry on a passive resistance to the new influences which

were at work. Against powerful, well-knit governments of the European type, strongly nationalistic, and in some instances availing themselves of military force, China could oppose only the will of a weak and loose-knit government, lacking even the support of a national self-consciousness on the part of its people. Against the organized commercial and industrial enterprises of the West, China had no similar organization to oppose, and no means of exploiting on any adequate scale the coveted latent wealth of the country. It was melancholy but perhaps inevitable that a realization of this situation should have led to a scramble among the Powers of greatest military and industrial strength with a view to obtaining the fullest possible opportunity to profit by the riches and the weakness of China. In this scramble, not only were the rights of China ignored or violated, but a number of the stronger Powers found themselves in a situation of mutual antagonism as a result.

It was in the midst of this scramble, in the year 1899, that Secretary Hay sought to establish the principle of the open door and to obtain general acceptance for certain concrete applications of it which at least would minimize the existing danger. And when, in the following year, a portion of the Chinese people were beguiled into the futile antiforeign protest that we know as the Boxer Uprising, Secretary Hay joined with the open-door principle its corollary, that is, the preservation of Chinese territorial and administrative integrity. These two related principles have since had their influence in restraint of the temptation to encroach upon the rights of China or upon the rights of other friendly states in China. But it is unfortunately the fact that these principles, helpful as they might have been, were never a matter of binding international obligation among all the powers concerned; and although generally professed, they were in some instances disregarded, and each such case afforded an excuse and a temptation to treat them thereafter more and more as mere counsels of perfection for which no nation could be held strictly to account. This disintegrating tendency had become more marked in the period following China's overthrow of its ancient dynasty and its assumption of the status of a republic. This development has inevitably brought with it a period of transition.

The democratic system of government represents the final and most difficult stage in the political experience of a people; and its adoption has universally been accompanied, as it was in our own case, by a period of painful adjustment to new and difficult requirements. In China, perhaps, the singular lack of political experience, or even of a helpful governmental tradition, made this development infinitely difficult, and for approximately ten years China has been

exhibiting the weakness and political disturbance which seem to be the price that must be paid for the institution of popular government. In these circumstances, the weakening of the restraints upon the action of foreign nations seeking to participate in the economic development of China has perhaps not unnaturally led to a greater indifference to China's rights and interests, and to a greater disregard of the dangers arising out of international rivalries.

A situation had thus been created in which the Chinese people nursed a sense of grievance and even of outrage; and the foreign nations found their relations complicated by mutual suspicion and resentment.

Throughout considerable areas of the territory of China claims were made to so-called spheres of interest which not only placed a check upon the normal economic development of the country and interfered with its administration, but also sought to restrict the free commercial intercourse of those peoples, which, like ourselves, considered that they had a full right, with the sanction of treaty engagements, to deal without control or interference with the Chinese people in whatever part of China and in whatever sort of legitimate business or enterprise they might find mutually profitable.

Such was the unhealthy situation that had come to exist in the Far East; and those who regarded it with a view to its effects upon the relationships of the several nations concerned could not but be conscious that plans for the limitation of armaments could scarcely have more than a temporary success if it were not possible to dispel the growing sense of uneasiness and mutual distrust which had arisen out of those conditions.

The Anglo-Japanese Alliance

It may be stated without reservation that one of the most important factors in the Far Eastern situation was the Anglo-Japanese Alliance. This Alliance has been viewed by the people of the United States with deep concern. Originally designed as a measure of protection in view of the policies of Russia and Germany in Far Eastern affairs, the continuance of the Alliance after all peril from those sources had ceased could not fail to be regarded as seriously prejudicial to our interests. Without reviewing the reasons for this disquietude, it was greatly increased by the "state of international tension" which had arisen in the Pacific area. The question constantly recurred: The original sources of danger having been removed, against whom and for what purposes was the Alliance maintained? The difficulty lay in the fact that the Treaty was not one that had to be renewed. It ran until it was formally denounced by one of the two parties. Great Britain accordingly found itself, as

Mr. Balfour has expressed it, "between the possibilities of two misunderstandings—a misunderstanding if they retained the Treaty, a misunderstanding if they denounced the Treaty."

It was, therefore, a matter of the greatest gratification that the American Delegation found that they were able to obtain an agreement by which the Anglo-Japanese Alliance should be immediately terminated. No greater step could be taken to secure the unimpeded influence of liberal opinion in promoting peace in the Pacific region.

The Four-Power Treaty

This agreement between the United States, British Empire, France, and Japan, which was signed on December 13, 1921, provided as follows:

I

"The High Contracting Parties agree as between themselves to respect their rights in relation to their insular possessions and insular dominions in the region of the Pacific Ocean.

"If there should develop between any of the High Contracting Parties a controversy arising out of any Pacific question and involving their said rights which is not satisfactorily settled by diplomacy and is likely to affect the harmonious accord now happily subsisting between them, they shall invite the other High Contracting Parties to a joint conference to which the whole subject will be referred for consideration and adjustment.

II

"If the said rights are threatened by the aggressive action of any other Power, the High Contracting Parties shall communicate with one another fully and frankly in order to arrive at an understanding as to the most efficient measures to be taken, jointly or separately, to meet the exigencies of the particular situation.

III

"This Treaty shall remain in force for ten years from the time it shall take effect, and after the expiration of said period it shall continue to be in force subject to the right of any of the High Contracting Parties to terminate it upon twelve months' notice.

IV

"This Treaty shall be ratified as soon as possible in accordance with the constitutional methods of the High Contracting Parties and shall take effect on the deposit of ratifications, which shall take place at Washington, and thereupon the agreement between Great Britain and Japan, which was concluded at London on July 13, 1911, shall terminate."[12]

[12] Treaty as signed is printed on p. 33.

It was accompanied by the following statement signed at the same time:

"In signing the Treaty this day between The United States of America, The British Empire, France, and Japan it is declared to be the understanding and intent of the Signatory Powers:

"1. That the Treaty shall apply to the Mandated Islands in the Pacific Ocean; provided, however, that the making of the Treaty shall not be deemed to be an assent on the part of The United States of America to the mandates and shall not preclude agreements between The United States of America and the Mandatory Powers respectively in relation to the mandated islands.

"2. That the controversies to which the second paragraph of Article I refers shall not be taken to embrace questions which according to principles of international law lie exclusively within the domestic jurisdiction of the respective Powers."[13]

Accordingly, the signing of the Treaty on the part of the United States was subject to the making of a convention with Japan concerning the status of the Island of Yap and what are termed the mandated islands in the Pacific Ocean north of the Equator, the negotiations in regard to which have been concluded,[14] and also to the reservations with respect to what are termed the mandated islands in the Pacific Ocean south of the Equator. The position of the United States in regard to mandates is not in any way affected by this Treaty.

Further, it is distinctly stated that the controversies to which the Treaty refers do not embrace questions which, according to principles of international law, lie exclusively within the domestic jurisdiction of the respective Powers. Illustrations of questions of this sort are immigration and tariff matters, so far as they are unaffected by existing treaties.

It will be observed that the Treaty relates only to "insular possessions and insular dominions." It contains no provision with respect to continental territory either in the East or in the West.

Under Article I, the parties do not agree to give any support to claims, but only to respect rights that actually exist. When controversies arise of the character stated in the Article, the Powers merely agree to confer together concerning them. No Power binds itself to anything further; and any consents or agreements must be reached in accordance with its constitutional methods. The reference to "consideration and adjustment" does not imply that any agreement can be made at a conference relating to a controversy which would be binding upon the United States, unless that agreement is made by constitutional authority. The present Treaty promises not

[13] Declaration as signed is printed on p. 36.
[14] Treaty of Feb. 11, 1922, vol. II, p. 600.

an agreement of any sort, but merely consultation. The same is true of the provision in Article II.

As Senator Lodge said, in communicating the terms of the Treaty to the Conference:

"To put it in a few words, the treaty provides that the four signatory powers will agree as between themselves to respect their insular possessions and dominions in the region of the Pacific, and that if any controversy should arise as to such rights, all the high contracting parties shall be invited to a joint conference looking to the adjustment of such controversy. They agree to take similar action in the case of aggression by any other power upon these insular possessions or dominions. The agreement is to remain in force for 10 years, and after ratification under the constitutional methods of the high contracting parties the existing agreement between Great Britain and Japan, which was concluded at London on July 13, 1911, shall terminate. And that is all. Each signer is bound to respect the rights of the others and before taking action in any controversy to consult with them. There is no provision for the use of force to carry out any of the terms of the agreement, and no military or naval sanction lurks anywhere in the background or under cover of these plain and direct clauses."

This statement was made in open Conference, in the presence of all the Delegates who signed the Treaty, and must be regarded as an authoritative and accepted exposition of its import.

A question arose whether the main islands of Japan were within the scope of the Treaty. This had been considered while the Treaty was being negotiated, and it had been understood that they had been included. The words "insular possessions and insular dominions" were deemed comprehensively to embrace all islands of the respective powers in the region described.

The American Delegation did not regard it as important whether the main islands of Japan were included or excluded, save that it was understood that their exclusion might give rise to difficulties with respect to the position of Australia and New Zealand. After the Treaty was signed, it became apparent that in view of the sentiment both in this country and in Japan, it would be preferable to exclude the main islands of Japan from the Treaty, and it was ascertained that Australia and New Zealand would not object to this course.

It was thought desirable that specific mention should be made of the Japanese islands to which the Treaty should apply.

Accordingly, on February 6, 1922, the Four Powers signed a Treaty, supplementary to the Treaty of December 13, 1921, providing [16]—

[16] Supplementary treaty is printed in full on p. 46.

"the term 'insular possessions and insular dominions' used in the aforesaid Treaty, shall, in its application to Japan, include only Karafuto (or the southern portion of the island of Sakhalin), Formosa and the Pescadores, and the islands under the mandate of Japan."

It was further provided that this agreement should have the same force and effect as the Treaty to which it was supplementary, and thus it is subject to the reservations made at the time the Treaty of December 13, 1921, was signed.

The Shantung Controversy [17]

The most acute question, perhaps, in the Far East was that relating to Shantung, and it was also apparently the most difficult to settle satisfactorily.

At the outbreak of the European War, Japan, as the ally of Great Britain, dispatched to Germany an ultimatum [18] requiring the German Government to deliver over to the Japanese authorities, without condition or compensation, and with a view to its eventual restoration to China, the Kiaochow territory for which Germany had obtained from China a lease of 99 years by virtue of a Convention signed in 1898. Upon this ultimatum being disregarded by Germany, Japan landed forces in the Province of Shantung, which besieged and captured the City of Tsingtao and, in November, 1914, took possession of the whole leased territory of Kiaochow and of the German-owned Shantung Railway, running from that territory to the City of Tsinanfu, the capital of Shantung Province.

During the following year, as the result of the so-called "21 Demands" which Japan presented to China,[19] there was signed on May 25, 1915, a Treaty [20] by which the Chinese Government agreed "to give full assent to all matters upon which the Japanese Government may hereafter agree with the German Government relating to the disposition of all rights, interests, and concessions which Germany, by virtue of treaties or otherwise, possesses in relation to the Province of Shantung"; and it was further agreed that the whole of Kiaochow Bay should be opened as a commercial port, with a municipal concession to be established under the exclusive jurisdiction of Japan at a place to be designated by the Japanese Government, while an international concession might be established if the other foreign Powers should so desire.

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[17] For papers relating to this subject, see pp. 934 ff.
[18] *Foreign Relations*, 1914, supp., p. 170.
[19] *Ibid.*, 1915, p. 99.
[20] *Ibid.*, p. 171.

By a further Exchange of Notes dated September 24, 1918, it was arranged that the Shantung Railway should be operated jointly by Japan and China, and that it should thereafter be protected not by Japanese troops but by a special police force composed of Chinese under Japanese direction.

This latter arrangement, however, was never ratified by China, which continued to protest against Japan's claim to have succeeded to the position of Germany with respect to the leased territory of Kiaochow, the Shantung Railway, and other matters in the Province of Shantung.

This question was raised at the Peace Conference at Paris, China insisting upon the restitution to itself of all rights and privileges which Germany had possessed in Tsingtao. The decision of the Conference was, however, adverse to this claim; and by Articles 156, 157, and 158 of the Treaty of Versailles, it was provided that Germany should renounce in favor of Japan all her rights, title, and privileges relative to the Province of Shantung, particularly those concerning the leased territory of Kiaochow and the movable and immovable property of the German Government therein, the Shantung Railway, the mines operated by German nationals, and the submarine cables to Chefoo and to Shanghai which were the property of the German state. The cession thus made by the Treaty was nevertheless qualified by a declaration made in behalf of the Japanese Delegation, to the effect that "the policy of Japan consists in handing back the Shantung Peninsula in full sovereignty to China, retaining only the economic privileges granted to Germany and the right to establish a settlement under the usual conditions at Tsingtao." By reason of this dissatisfaction with the disposition of the Shantung question made by the Versailles Treaty, the Chinese Government not only withheld its signature of that Treaty, but declined to entertain any proposals made by the Japanese Government for the adjustment of the question upon what it deemed to be the vague and arbitrary basis of restoring to China the "political sovereignty" (which China contended had not been affected by Japan's taking over the German position), while retaining for Japan the economic privileges—including the only deep-water harbor in the Province, the only railway thence to the interior, the only coal and iron mines of the Province which have proved to be of value—so as to leave Japan in effective domination of the economic life of the Province of Shantung.

The question could not be brought, technically, before the Washington Conference, as all the nations represented at the Conference table, save the United States, China, and The Netherlands, were bound by the Treaty of Versailles. Japan could, of course, at once oppose any action by any of these Powers at the Conference which could be regarded as a departure from the terms of that Treaty.

It was quite clear, however, that the Conference furnished a most favorable opportunity for negotiations between China and Japan in which by mutual agreement a solution of the difficulty might be found. In order that the parties might be brought together, the good offices of Mr. Balfour and Mr. Hughes, individually, were tendered to both parties, with their consent, and conversations looking to a settlement were begun. These conversations continued for many weeks and had the happy result of complete agreement, which was embodied in a Treaty signed on the part of China and Japan on February 4, 1922. The main outlines of this Treaty are as follows: [21]

"Japan will, within six months from the date of the Treaty, restore to China the former German leased territory of Kiaochow, and all public properties therein, without charge except for such additions and improvements as may have been made by Japan during the period of her occupation;

"All Japanese troops are to be withdrawn as soon as possible—from the line of the Railway within six months at the latest, and from the leased territory not later than 30 days from the date of its transfer to China;

"The customhouse at Tsingtao is at once to be made an integral part of the Chinese Maritime Customs:

"The Shantung (Tsingtao-Tsinanfu) Railway and appurtenant properties are to be transferred to China, the transfer to be completed within 9 months, at the latest, from the date of coming into force of the Treaty; the value of the property to be determined by a commission upon the basis of approximately 53,000,000 gold marks, already assessed against Japan by the Reparations Commission as the value of the railway property taken by Japan from Germany in 1914; the value fixed being paid by China to Japan by Chinese Government treasury notes, secured on the properties and revenues of the Railway, and running for a period of 15 years, but redeemable either in whole or in part at any time after 5 years from the date of payment; pending the complete redemption of such treasury notes, the Chinese Government to employ a Japanese subject as traffic manager, and a Japanese subject as one of two joint chief accountants, under the authority and control of the Chinese managing director of the railway;

"The rights in the construction of two extensions of the Shantung Railway, reserved in 1914 for German enterprise, and subsequently granted to a Japanese syndicate, are to be opened to the activities of an international financial group on terms to be arranged between China and that group;

"The coal and iron mines formerly owned by the German Shantung Railway Company are to be handed over to a company to be formed under a special charter of the Chinese Government, in which Japanese capital may participate equal with Chinese capital;

"Japan relinquishes its claim to the establishment of an exclusive Japanese settlement in the leased territory, and China opens the whole of that territory to foreign trade, undertaking to respect all valid vested rights therein;

[21] The treaty as signed is printed on p. 948.

"China is enabled to purchase, for incorporation in its Government salt monopoly, the salt fields now operated in the leased territory by Japanese subjects, on the understanding that it will allow the export on reasonable terms of salt to meet the shortage in Japan;

"Japan relinquishes to China all claims with respect to the Tsingtao-Chefoo and Shanghai cables, except such portions as were utilized by Japan during the war for the laying of the cable from Tsingtao to Sasebo;

"Japan is to transfer to China for fair compensation the wireless stations at Tsingtao and Tsinanfu;

"Japan renounces all preferential rights in respect of foreign assistance in persons, capital, and material stipulated in the Kiaochow Convention of 1898 between China and Germany."]

Wei-Hai-Wei

On the announcement to the Conference of the conclusion of the agreement relating to Shantung, Mr. Balfour, on behalf of the British Government, proposed to restore Wei-Hai-Wei to China. Mr. Balfour said:

"The circumstances under which Weihaiwei thus came under the control of [Great] Britain have now not only provisionally changed, but they have altogether disappeared. The rest of the Province of Shantung is now handed back under suitable conditions to the complete sovereignty of China. Under like suitable conditions I have to announce that Great Britain proposes to hand back Weihaiwei to the country within whose frontier it lies.

"It has so far been used merely as a sanatorium or summer resort for ships of war coming up from the tropical or more southern portions of the China station. I doubt not that arrangements can be made under which it will remain available for that innocent and healthful purpose in time to come. But Chinese sovereignty will now be restored, as it has been restored in other parts of the Province, and we shall be largely guided in the arrangements that we propose at once to initiate by the example so happily set us by the Japanese and Chinese negotiators in the case of Shantung. They have received from this great assembly unmistakable proof of your earnest approval, and most surely they deserve it."

Principles and Policies in Relation to China

The work of the Conference in connection with Far Eastern matters was largely devoted to the effort to give new vigor and reality to the coordinated principles of territorial and administrative integrity of China and of the "Open Door" or equality of opportunity for all nations in China. These principles have been called coordinate, but they are, in fact, different aspects of the same principle. For any impairment of the sovereignty of China must affect the rights and interests of other powers in relation to China; and any attempt to establish a particularistic and exclusive system

in favor of any foreign nation thereby creates conditions prejudicial to China's freedom of action in relation to other Powers. The distinction between the two phases of this question would therefore seem to be one of relative emphasis rather than of kind.

As the foundation of its work in relation to China, the Conference adopted the following fundamental principles, in agreeing:

"(1) To respect the sovereignty, the independence, and the territorial and administrative integrity of China;

"(2) To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;

"(3) To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;

"(4) To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly States and from countenancing action inimical to the security of such States."

Thus were reaffirmed the postulates of American policy which were no longer to be left to the exchanges of diplomatic notes, but were to receive the sanction of the most solemn undertaking of the Powers.

This statement was supplemented by the agreement that the Powers attending the Conference "would not enter into any treaty, agreement, arrangement or understanding, either with one another, or individually, or collectively, with any Power or Powers, which would infringe or impair these principles."

In the light of experience, it was deemed important that there should be a more definite statement of what was connoted by the "Open Door" or the principle of equal opportunity, and accordingly the Conference adopted the following resolutions:

"I. With a view to applying more effectually the principles of the Open Door or equality of opportunity in China for the trade and industry of all nations, the Powers other than China represented at this Conference agree—

"(*a*) Not to seek or to support their nationals in seeking any arrangement which might purport to establish in favor of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China;

"(*b*) Not to seek or to support their nationals in seeking any such monopoly or preference as would deprive other nationals of the right of undertaking any legitimate trade or industry in China or of participating with the Chinese Government or with any local authority in any category of public enterprise, or which by reason of its scope, duration or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.

"It is understood that this agreement is not to be so construed as to prohibit the acquisition of such properties or rights as may be necessary to the conduct of a particular commercial, industrial or financial undertaking or to the encouragement of invention and research.

"II. The Chinese Government takes note of the above agreement and declares its intention of being guided by the same principles in dealing with applications for economic rights and privileges from Governments and nationals of all foreign countries whether parties to that agreement or not."

There still remained the efforts of nationals, as distinguished from governments, in derogation of the Open Door principle, to create for themselves spheres of influence in China in order to enjoy mutually exclusive opportunities. This sort of endeavor the Powers agreed to restrain by resolving:

"*Resolved*, That the Signatory Powers will not support any agreements by their respective nationals with each other designed to create Spheres of Influence or to provide for the enjoyment of mutually exclusive opportunities in designated parts of Chinese territory."

It was also apparent, in connection with the particular subject of railways, that safeguards should be erected against practices of unjust discrimination, although there was no intent to intimate that any unfair discrimination lay at the door of China. Accordingly the Conference took action as follows:

"The Chinese Government declares that throughout the whole of the railways in China it will not exercise or permit any unfair discrimination of any kind. In particular, there shall be no discrimination whatever, direct or indirect, in respect of charges or of facilities on the ground of the nationality of passengers or the countries from which or to which they are proceeding, or the origin or ownership of goods or the country from which or to which they are consigned, or the nationality or ownership of the ship or other means of conveying such passengers or goods before or after their transport on the Chinese railways.

"The other Powers represented at this Conference take note of the above declaration and make a corresponding declaration in respect of any of the aforesaid railways over which they or their nationals are in a position to exercise any control in virtue of any concession, special agreement, or otherwise."

The agreements evidenced by these Resolutions, and constituting a Magna Charta for China, were embodied in the Treaty signed on February 6, 1922.

In this Treaty it was also provided that the Contracting Powers agreed fully to respect Chinese rights as a neutral in time of war to which China is not a party, and China declared that when she was a neutral she would observe the obligations of neutrality.

Again, in order to aid the carrying out of these stipulations of the Treaty, provision was made for consultation among the Powers concerned with respect to their application. It was provided:

"The Contracting Powers agree that, whenever a situation arises which in the opinion of any one of them involves the application of the stipulations of the present Treaty, and renders desirable discussion of such application, there shall be full and frank communication between the Contracting Powers concerned."

This involves no impairment of national sovereignty, no sacrifice of national interests, no provision for agreements reached apart from the constitutional methods of the respective Powers, but a simple opportunity for consultation, examination, and expression of views whenever any question under the specified stipulations of the Treaty may arise.

It is believed that through this Treaty the Open Door in China has at last been made a fact.

Board of Reference

In order further to provide a procedure for dealing with questions which might arise under the provisions of the Treaty, relating to equality of opportunity and unfair discrimination in railroad service, a Resolution was adopted providing for the constitution of a Board of Reference, which would furnish a facility for investigation and report. The Resolution was adopted in the following terms:

"Desiring to provide a procedure for dealing with questions that may arise in connection with the execution of the provisions of Articles III and V of the Treaty to be signed at Washington on February 6th, 1922, with reference to their general policy designed to stabilize conditions in the Far East, to safeguard the rights and interests of China, and to promote intercourse between China and the other Powers upon the basis of equality of opportunity;

"Resolve that there shall be established in China a Board of Reference to which any questions arising in connection with the execution of the aforesaid Articles may be referred for investigation and report.

"The Special Conference provided for in Article II of the Treaty to be signed at Washington on February 6th, 1922, with reference to the Chinese Customs Tariff, shall formulate for the approval of the Powers concerned a detailed plan for the constitution of the Board."

It will be observed that this Board, which is intended merely as a board of inquiry, is not yet constituted, and the recommendations of the Special Conference, with respect to its constitution, must be submitted for the approval of the Powers, which, of course, must

act according to their constitutional methods in the adoption of any agreement containing a detailed plan.

Alienation of Territory

In connection with the presentation by China of the principles asserted in behalf of her territorial and administrative integrity, China placed upon the record of the Conference the following declaration:

"China, upon her part, is prepared to give an undertaking not to alienate or lease any portion of her territory or littoral to any Power."

It was proper that to China should be given the opportunity to develop in the Conference those questions which more intimately affected her integrity and sovereignty, and her Delegation took occasion to indicate fully, and very ably, certain grounds of complaint which China had against various practices.

Extraterritoriality

By treaties between Great Britain and China, dated September 5, 1902; between the United States and China, dated October 8, 1903;[24] and between Japan and China dated October 8, 1903, these Powers agreed to give every assistance towards the attainment by the Chinese Government of its expressed desire to reform its judicial system and to bring it into accord with that of western nations and declared that they were also "prepared to relinquish extraterritorial rights when satisfied that the state of the Chinese laws, the arrangements for their administration, and other considerations, warrant" them in so doing. In the light of these agreements, and taking into consideration existing conditions in China, it was resolved by the Powers in the Conference as follows:

"That the Governments of the Powers above named shall establish a Commission (to which each of such Governments shall appoint one member) to inquire into the present practice of extraterritorial jurisdiction in China, and into the laws and the judicial system and the methods of judicial administration of China, with a view to reporting to the Governments of the several Powers above named their findings of fact in regard to these matters, and their recommendations as to such means as they may find suitable to improve the existing conditions of the administration of justice in China, and to assist and further the efforts of the Chinese Government to effect such legislation and judicial reforms as would warrant the several Powers in relinquishing, either progressively or otherwise, their respective rights of extraterritoriality;

"That the Commission herein contemplated shall be constituted within three months after the adjournment of the Conference in ac-

[24] Malloy, *Treaties*, 1776–1909, vol. I, p. 261.

cordance with detailed arrangements to be hereafter agreed upon by the Governments of the Powers above named, and shall be instructed to submit its report and recommendations within one year after the first meeting of the Commission.

"That each of the Powers above named shall be deemed free to accept or to reject all or any portion of the recommendations of the Commission herein contemplated, but that in no case shall any of the said Powers make its acceptance of all or any portion of such recommendations either directly or indirectly dependent on the granting by China of any special concession, favor, benefit or immunity, whether political or economic.

"ADDITIONAL RESOLUTION

"That the non-signatory Powers, having by treaty extraterritorial rights in China, may accede to the resolution affecting extraterritoriality and the administration of justice in China by depositing within three months after the adjournment of the Conference a written notice of accession with the Government of the United States for communication by it to each of the signatory Powers.

"ADDITIONAL RESOLUTION

"That China, having taken note of the resolutions affecting the establishment of a Commission to investigate and report upon extraterritoriality and the administration of justice in China, expresses its satisfaction with the sympathetic disposition of the Powers hereinbefore named in regard to the aspiration of the Chinese Government to secure the abolition of extraterritoriality in China, and declares its intention to appoint a representative who shall have the right to sit as a member of the said Commission, it being understood that China shall be deemed free to accept or to reject any or all of the recommendations of the Commission. Furthermore, China is prepared to cooperate in the work of this Commission and to afford to it every possible facility for the successful accomplishment of its tasks."

Foreign Postal Agencies in China

The following Resolution was adopted by the Conference in relation to foreign postal agencies in China:

"A. Recognizing the justice of the desire expressed by the Chinese Government to secure the abolition of foreign postal agencies in China, save or except in leased territories or as otherwise specifically provided by treaty, it is resolved:

(1) The four Powers having such postal agencies agree to their abandonment subject to the following conditions:

(*a*) That an efficient Chinese postal service is maintained;

(*b*) That an assurance is given by the Chinese Government that they contemplate no change in the present postal administration so far as the status of the foreign Co-Director General is concerned.

(2) To enable China and the Powers concerned to make the necessary dispositions, this arrangement shall come into force and effect not later than January 1, 1923.

"B. Pending the complete withdrawal of foreign postal agencies, the four Powers concerned severally undertake to afford full facilities to the Chinese customs authorities to examine in those agencies all postal matters (excepting ordinary letters, whether registered or not, which upon external examination appear plainly to contain only written matter) passing through them, with a view to ascertaining whether they contain articles which are dutiable or contraband or which otherwise contravene the customs regulations or laws of China."

Armed Forces in China

The following Resolution was adopted in relation to foreign troops in China, including police and railroad guards:—

"*Whereas* The Powers have from time to time stationed armed forces, including police and railway guards, in China to protect the lives and property of foreigners lawfully in China;

"*And whereas* It appears that certain of these armed forces are maintained in China without the authority of any treaty or agreement;

"*And whereas* The Powers have declared their intention to withdraw their armed forces now on duty in China without the authority of any treaty or agreement, whenever China shall assure the protection of the lives and property of foreigners in China;

"*And whereas* China has declared her intention and capacity to assure the protection of the lives and property of foreigners in China:

"*Now* to the end that there may be clear understanding of the conditions upon which in each case the practical execution of those intentions must depend;

"*It is resolved:* That the Diplomatic Representatives in Pekin of the Powers now in Conference at Washington, to wit, the United States of America, Belgium, the British Empire, France, Italy, Japan, The Netherlands, and Portugal, will be instructed by their respective Governments, whenever China shall so request, to associate themselves with three representatives of the Chinese Government to conduct collectively a full and impartial inquiry into the issues raised by the foregoing declarations of intention made by the Powers and by China and shall thereafter prepare a full and comprehensive report setting out without reservation their findings of fact and their opinion with regard to the matter hereby referred for inquiry, and shall furnish a copy of their report to each of the nine Governments concerned which shall severally make public the report with such comment as each may deem appropriate. The representatives of any of the Powers may make or join in minority reports stating their differences, if any, from the majority report.

"That each of the Powers above named shall be deemed free to accept or reject all or any of the findings of fact or opinions expressed in the report, but that in no case shall any of the said Powers make its acceptance of all or any of the findings of fact

or opinions either directly or indirectly dependent on the granting by China of any special concession, favor, benefit, or immunity, whether political or economic."

Radio Stations in China

The following action was taken with respect to radio stations:

"1. That all radio stations in China, whether maintained under the provisions of the international protocol of September 7, 1901, or in fact maintained in the grounds of any of the foreign legations in China, shall be limited in their use to sending and receiving government messages and shall not receive or send commercial or personal or unofficial messages, including press matter: Provided, however, that in case all other telegraphic communication is interrupted, then, upon official notification accompanied by proof of such interruption to the Chinese Ministry of Communications, such stations may afford temporary facilities for commercial, personal, or unofficial messages, including press matter, until the Chinese Government has given notice of the termination of the interruption;

"2. All radio stations operated within the territory of China by a foreign government or the citizens or subjects thereof under treaties or concessions of the Government of China, shall limit the messages sent and received by the terms of the treaties or concessions under which the respective stations are maintained;

"3. In case there be any radio station maintained in the territory of China by a foreign government or citizens or subjects thereof without the authority of the Chinese Government, such station and all the plant, apparatus, and material thereof shall be transferred to and taken over by the Government of China, to be operated under the direction of the Chinese Ministry of Communications upon fair and full compensation to the owners for the value of the installation, as soon as the Chinese Ministry of Communications is prepared to operate the same effectively for the general public benefit;

"4. If any questions shall arise as to the radio stations in leased territories, in the South Manchurian Railway Zone or in the French Concession at Shanghai, they shall be regarded as matters for discussion between the Chinese Government and the Government concerned;

"5. The owners or managers of all radio stations maintained in the territory of China by foreign powers or citizens or subjects thereof shall confer with the Chinese Ministry of Communications for the purpose of seeking a common arrangement to avoid interference in the use of wave lengths by wireless stations in China, subject to such general arrangements as may be made by an international conference convened for the revision of the rules established by the International Radio Telegraph Convention, signed at London, July 5, 1912."

The following declaration in connection with this Resolution was made by the Powers other than China:

"The Powers other than China declare that nothing in paragraphs 3 or 4 of the Resolutions of 7th December, 1921, is to be deemed to be an expression of opinion by the Conference as to whether the stations referred to therein are or are not authorized by China.

"They further give notice that the result of any discussion arising under paragraph 4 must, if it is not to be subject to objection by them, conform with the principles of the Open Door or equality of opportunity approved by the Conference."

There was also a declaration by China, upon the same subject, as follows:

"The Chinese Delegation takes this occasion formally to declare that the Chinese Government does not recognize or concede the right of any foreign Power or of the nationals thereof to install or operate, without its express consent, radio stations in legation grounds, settlements, concessions, leased territories, railway areas, or other similar areas."

Railways in China

In addition to the resolutions already mentioned relating to unfair discrimination, a general resolution was adopted by the Conference in relation to railways in China:

"The Powers represented in this Conference record their hope that to the utmost degree consistent with legitimate existing rights, the future development of railways in China shall be so conducted as to enable the Chinese Government to effect the unification of railways into a railway system under Chinese control, with such foreign financial and technical assistance as may prove necessary in the interests of that system."

And China placed the following declaration as to railways upon the records of the Conference:

"The Chinese Delegation notes with sympathetic appreciation the expression of the hope of the Powers that the existing and future railways of China may be unified under the control and operation of the Chinese Government with such foreign financial and technical assistance as may be needed. It is our intention as speedily as possible to bring about this result. It is our purpose to develop existing and future railways in accordance with a general programme that will meet the economic, industrial, and commercial requirements of China. It will be our policy to obtain such foreign financial and technical assistance as may be needed from the Powers in accordance with the principles of the Open Door or equal opportunity; and the friendly support of these Powers will be asked for the effort of the Chinese Government to bring all the railways of China, now existing or to be built, under its effective and unified control and operation."

Chinese Customs Tariff

Important action was taken with respect to the Chinese customs tariff, and the Resolutions adopted upon this subject by the Conference were embodied in a Treaty signed on February 6th.[25] In pre-

[25] *Ante*, p. 282.

senting this Treaty to the Conference, Senator Underwood reviewed the history of Chinese customs, and stated the purpose and effect of the Treaty. In view of the intricacy of the matter, this statement is given in full, as follows:

"I realize fully that the Delegates seated at this table understand why the Nine Powers have agreed with China on the adoption of a customs tariff, but in this Twentieth Century treaties have ceased to be compacts of governments, and if they are to live and survive [they] must be the understandings of the people themselves.

"It may seem an anomaly to the people of the world who have not studied this question that this Conference, after declaring that they recognize the sovereignty and territorial integrity of China, should engage with China in a compact about a domestic matter that is a part of her sovereignty, and to announce the treaty without an explanation may lead to misunderstanding, and therefore I ask the patience of the Conference for a few minutes that I may put in the record a statement of the historic facts that have led up to present conditions, that makes it necessary that this Conference should enter into this agreement.

"The conclusions which have been reached with respect to the Chinese maritime customs tariff are two in number, the first being in the form of an agreement for an immediate revision of existing schedules, so as to bring the rate of duty up to a basis of 5 per cent effective. The second is in the form of a treaty and provides for a special conference which shall be empowered to levy surtaxes and to make other arrangements for increasing the customs schedules above the rate of 5 per cent effective.

"In order to understand the nature and the reasons for these agreements, it is well to bear in mind the historical background of the present treaty adjustment, which places such a large control of the Chinese customs in the hands of foreign powers.

"The origin of the Chinese customs tariff dates back to the Fourteenth Century, but the administration system was of such a nature that constant friction arose with foreign merchants engaged in trade with that country, and culminated in an acute controversy relating to the smuggling of opium, sometimes known as the Opium War of 1839–1842.

"This controversy ended in 1842 with the Treaty of Nankin, between China and Great Britain. The Treaty of Nankin marked the beginning of Chinese relations on a recognized legal basis with the countries of the Western World, and is likewise the beginning of the history of China's present tariff system.

"By the Treaty of Nankin it was agreed that five ports should be opened for foreign trade, and that a fair and regular tariff of export and import customs and other dues should be published.

"In a subsequent treaty of October 8, 1843, a tariff schedule was adopted for both imports and exports, based on the general rate of 5 per cent ad valorem.

"In 1844 the first treaty between China and the United States was concluded.[26] In this treaty the tariff upon which China had agreed

[26] Malloy, *Treaties*, 1776–1909, vol. I, p. 196.

with Great Britain was made an integral part of its provisions, and most-favored-nation treatment was secured for the United States in the following terms:

"Citizens of the United States resorting to China shall in no case be subject to other or higher duties than are or shall be required of the people of any other nation whatever, and if additional advantages or privileges of whatever description be conceded hereafter by China to any other nation, the United States and the citizens thereof shall be entitled thereupon to a complete, equal, and impartial participation in the same."

"In the same year a similar treaty between China and France was concluded, and in 1847 a like treaty was entered into with Sweden and Norway.

"After an interval of a little over a decade, friction again developed and a war ensued.

"In 1851, when negotiations were again resumed, silver had fallen in value, prices of foreign commodities had changed, and the former schedule of duties no longer represented the rate of 5 per cent ad valorem.

"In 1858 China concluded what was known as the Tientsin Treaty with the United States, Russia, Great Britain, and France.[28]

"The British Treaty, which was the most comprehensive, being completed by agreement as to the tariff and rules of trade, was signed at Shanghai on November 8, 1858. By this agreement a schedule of duties was provided to take the place of the schedule previously in force. Most of the duties were specific, calculated on the basis of 5 per cent of the then prevailing values of articles.

"The tariff schedule thus adopted in 1858 underwent no revision except in reference to opium until 1902.

"The beginning of foreign administrative supervision of the Chinese maritime customs dates back to the time of the Taiping Rebellion, when, in September, 1853, the city of Shanghai was captured by the Taiping rebels. As a consequence the Chinese customs was closed and foreign merchants had no offices to collect customs duties.

"In order to meet the emergency, the foreign consuls collected the duties until June 29, 1854, when an agreement was entered into with the British, American, and French consuls for the establishment of a foreign board of inspectors. Under this agreement a board of foreign inspectors was appointed, and continued in office until 1858, when the tariff commission met and agreed to rules of trade, of which Article X provided that a uniform customs system should be enforced at every port, and that a high officer should be appointed by the Chinese government to superintend the foreign trade, and that this officer might select any British subject whom he might see fit to aid him in the administration of the customs revenue, and in a number of other matters connected with commerce and navigation. In 1914, just as the Great War was breaking, there were 1,357 foreigners in the Chinese customs service, representing twenty nationalities among a total of 7,441 employees.

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[28] For treaty of June 18, 1858, between the United States and China, see Malloy, *Treaties*, 1776–1909, vol. I, p. 211.

"It is appropriate to observe that the present administrative system has given very great satisfaction in the matter of its efficiency and its fairness to the interests of all concerned, and in that connection I desire to say that, when the consideration of this tariff treaty was before the Subcommittee that prepared it, there was a general and I may say universal sentiment about the table from the Delegates representing the Nine Powers, that on account of the disturbed conditions in China to-day, unsettled governmental conditions, it was desirous [*desirable*], if it met with the approval of China, that there should be no disturbance at this time of the present administration of the customs system, and in response to that sentiment, which was discussed at the table, Dr. Koo, speaking for the Chinese Government, made a statement which I have been directed by the full committee to report to this Plenary Session, which is as follows:

"The Chinese Delegation has the honor to inform the Committee on the Far Eastern Questions of the Conference on the Limitation of Armament that the Chinese Government have no intention to effect any change which may disturb the present administration of the Chinese Maritime Customs."

"Speaking only for myself, desiring that in the not distant future China may have the opportunity when she has a parliamentary government established in China, representing her people, to exercise in every respect her full sovereignty, I hope the day may come in the not far distant future when China will regulate her own customs tariffs.

"But for the present, on account of the disturbed conditions in China, it is manifest that there must be an agreement and understanding between China and the other nations involved in her trade, and I want to say that this agreement as it is presented to the Conference as of to-day, meets the approbation and the approval of the representatives of the Chinese Government.

"Between the period of 1869 and 1901 a series of agreements were entered into which established special tariff privileges with various powers respecting movements of trade. This period culminated in a greatly involved state of affairs which led to the Boxer Revolution, out of which grew the doctrine of the Open Door.

"In 1902, in accordance with the terms of the Boxer protocol, a commission met at Shanghai to revise the tariff schedule. This revision applied only to the import duties and to the free list. Most of the duties were specific in character, and the remainder were at five per cent ad valorem. Nonenumerated goods were to pay 5 per cent ad valorem. All the duties remained subject to the restrictions of the earlier treaties, and those of the export duties which are still in force, are the specific duties contained in the schedule of 1858.

"In 1902, a treaty was concluded between China and Great Britain which laid a basis for the subsequent treaties between China and the United States [29] and China and Japan in 1903, along similar lines. In the preamble of the British treaty, the Chinese Government undertakes to discard completely the system of levying likin and other dues on goods at the place of production, in transit and at destination.

[29] Malloy, *Treaties*, 1776–1909, vol. I, p. 261.

"The British Government in turn consents to allow a surtax on foreign goods imported by British subjects, the amount of this surtax on imports not to exceed the equivalent of one and one-half times the existing import duty. The levy of this additional surtax being contingent upon the abolition of the likin has never gone into effect, but remains, nevertheless, the broad basis upon which the general schedules of Chinese tariff duties may be increased.

"It is clear from the foregoing brief summary that two measures were necessary in dealing with the Chinese customs, the first being that of the revising of the tariff schedules as they exist, so as to make them conform to the rate of five per cent effective, as provided by the treaty.

"Second, to pave the way for the abolition of the likin, which constitutes the basis of higher rates. In the meantime, however, it is recognized that the Chinese Government requires additional revenue, and in order that this may be supplied, a special conference is charged with the levying of a surtax of two and one-half per cent on ordinary duties, and a surtax of five per cent on the luxuries, in addition to the established rate of five per cent effective.

"In 1896, an agreement was made between Russia and China for the construction of the Chinese Eastern Railway, and as a part of this agreement, merchandise entering China from Russia was allowed to pass the border at one-third less than the conventional customs duties. Afterwards, similar reductions were granted to France, Japan, and Great Britain, where the merchandise entered China across her land borders and not by sea.

"This discrimination was unfair to the other nations, and not the least important paragraph in the proposed treaty is the one that abolishes this discrimination entirely.

"I will not read the formal parts of the treaty, and merely read the articles that are substantive.

[Here follow the first nine articles of the treaty of February 6, 1922, relating to the Chinese customs tariff, which is printed *ante*, page 282.]

"In conclusion, I can say that the adoption of this treaty and putting it into effect will in all probability double the existing revenues of China received from maritime and inland customs. I say in all human probability, because the amount of revenue of course is governed by the amount of imports and exports coming into a country and going out of a country, and of course no one can predict with absolute certainty."

Reduction of Chinese Military Forces

In connection with the discussion of the Chinese revenue, and of the disturbed political conditions in China, the following resolution was adopted expressing the hope that the military forces of China might speedily be reduced:

"Whereas the Powers attending this Conference have been deeply impressed with the severe drain on the public revenue of China through the maintenance in various parts of the country, of military forces, excessive in number and controlled by the military chiefs of the provinces without coordination;

"And whereas the continued maintenance of these forces appears to be mainly responsible for China's present unsettled political conditions;

"And whereas it is felt that large and prompt reductions of these forces will not only advance the cause of China's political unity and economic development but will hasten her financial rehabilitation;

"Therefore, without any intention to interfere in the internal problems of China, but animated by the sincere desire to see China develop and maintain for herself an effective and stable government alike in her own interest and in the general interest of trade;

"And being inspired by the spirit of this Conference whose aim is to reduce, through the limitation of armament, the enormous disbursements which manifestly constitute the greater part of the encumbrance upon enterprise and national prosperity:

"It is resolved: That this Conference express to China the earnest hope that immediate and effective steps may be taken by the Chinese Government to reduce the aforesaid military forces and expenditures."

Existing Commitments

In order to insure complete information as to all commitments relating to China and also to provide in the future for suitable publicity, in regard to agreements that may hereafter be made by or with respect to China, the following resolutions were adopted:

"The Powers represented in this Conference, considering it desirable that there should hereafter be full publicity with respect to all matters affecting the political and other international obligations of China and of the several Powers in relation to China, are agreed as follows:

"1. The several Powers other than China will at their earliest convenience file with the Secretariat General of the Conference for transmission to the participating Powers, a list of all treaties, conventions, exchange of notes, or other international agreements which they may have with China, or with any other Power or Powers in relation to China, which they deem to be still in force and upon which they may desire to rely. In each case, citations will be given to any official or other publication in which an authoritative text of the documents may be found. In any case in which the document may not have been published, a copy of the text (in its original language or languages) will be filed with the Secretariat General of the Conference.

"Every Treaty or other international agreement of the character described which may be concluded hereafter shall be notified by the Governments concerned within sixty (60) days of its conclusion to the Powers who are signatories of or adherents to this agreement.

"II. The several Powers other than China will file with the Secretariat General of the Conference at their earliest convenience for transmission to the participating Powers, a list, as nearly complete as may be possible, of all those contracts between their nationals, of the one part, and the Chinese Gov-

ernment or any of its administrative subdivisions or local authorities, of the other part, which involve any concession, franchise, option, or preference with respect to railway construction, mining, forestry, navigation, river conservancy, harbor works, reclamation, electrical communications, or other public works or public services, or for the sale of arms or ammunition, or which involve a lien upon any of the public revenues or properties of the Chinese Government or of any of its administrative subdivisions. There shall be, in the case of each document so listed, either a citation to a published text, or a copy of the text itself.

"Every contract of the public character described which may be concluded hereafter shall be notified by the Governments concerned within sixty (60) days after the receipt of information of its conclusion to the Powers who are signatories of or adherents to this agreement.

"III. The Chinese Government agrees to notify in the conditions laid down in this agreement every treaty agreement or contract of the character indicated herein which has been or may hereafter be concluded by that Government or by any local authority in China with any foreign Power or the nationals of any foreign Power whether party to this agreement or not, so far as the information is in its possession.

"IV. The Governments of Powers having treaty relations with China, which are not represented at the present Conference, shall be invited to adhere to this agreement."

It will be observed that the only object and requirement of these resolutions is appropriate publicity.

The Twenty-One Demands

The Chinese Delegation presented for the consideration of the Conference the questions arising upon what are called the "Twenty-One Demands," including the Sino-Japanese Treaties and Notes of 1915.[31] The position of the Japanese Government, the Chinese Government, and the American Government was set forth in statements on behalf of each, which were placed upon the records of the Conference.

The statement made by Baron Shidehara on behalf of the Japanese Delegation was as follows:

"At a previous session of this Committee, the Chinese Delegation presented a statement urging that the Sino-Japanese Treaties and Notes of 1915 be reconsidered and cancelled. The Japanese Delegation, while appreciating the difficult position of the Chinese Delegation, does not feel at liberty to concur in the procedure now resorted to by China with a view to cancellation of international engagements which she entered into as a free sovereign nation.

"It is presumed that the Chinese Delegation has no intention of calling in question the legal validity of the compacts of 1915, which were formally signed and sealed by the duly authorized representa-

[31] See *Foreign Relations*, 1915, pp. 79 ff.

tives of the two Governments, and for which the exchange of ratifications was effected in conformity with established international usages. The insistence by China on the cancellation of those instruments would in itself indicate that she shares the view that the compacts actually remain in force and will continue to be effective, unless and until they are cancelled.

"It is evident that no nation can have given ready consent to cessions of its territorial or other rights of importance. If it should once be recognized that rights solemnly granted by treaty may be revoked at any time on the ground that they were conceded against the spontaneous will of the grantor, an exceedingly dangerous precedent will be established, with far-reaching consequences upon the stability of the existing international relations in Asia, in Europe, and everywhere.

"The statement of the Chinese Delegation under review declares that China accepted the Japanese demands in 1915, hoping that a day would come when she should have the opportunity of bringing them up for reconsideration and cancellation. It is, however, difficult to understand the meaning of this assertion. It can not be the intention of the Chinese Delegation to intimate that China may conclude a treaty with any thought in mind of breaking it at the first opportunity.

"The Chinese Delegation maintains that the Treaties and Notes in question are derogatory to the principles adopted by the Conference with regard to China's sovereignty and independence. It has, however, been held by the Conference on more than one occasion that concessions made by China *ex contractu*, in the exercise of her own sovereign rights, can not be regarded as inconsistent with her sovereignty and independence.

"It should also be pointed out that the term 'Twenty-one Demands,' often used to denote the Treaties and Notes of 1915, is inaccurate and grossly misleading. It may give rise to an erroneous impression that the whole original proposals of Japan had been pressed by Japan and accepted *in toto* by China. As a matter of fact, not only 'Group V' but also several other matters contained in Japan's first proposals were eliminated entirely or modified considerably, in deference to the wishes of the Chinese Government, when the final formula was presented to China for acceptance. Official records published by the two Governments relating to those negotiations will further show that the most important terms of the Treaties and Notes, as signed, had already been virtually agreed to by the Chinese negotiators before the delivery of the ultimatum, which then seemed to the Japanese Government the only way of bringing the protracted negotiations to a speedy close.

"The Japanese Delegation can not bring itself to the conclusion that any useful purpose will be served by research and re-examination at this Conference of old grievances which one of the nations represented here may have against another. It will be more in line with the high aim of the Conference to look forward to the future with hope and confidence.

"Having in view, however, the changes which have taken place in the situation since the conclusion of the Sino-Japanese Treaties and Notes of 1915, the Japanese Delegation is happy to avail itself of the present occasion to make the following declaration:

"1. Japan is ready to throw open to the joint activity of the International Financial Consortium [34] recently organized the right of option granted exclusively in favor of Japanese capital, with regard, first, to loans for the construction of railways in South Manchuria and Eastern Inner Mongolia, and, second, to loans to be secured on taxes in that region; it being understood that nothing in the present declaration shall be held to imply any modification or annulment of the understanding recorded in the officially announced notes and memoranda which were exchanged among the Governments of the countries represented in the Consortium and also among the national financial groups composing the Consortium, in relation to the scope of the joint activity of that organization.

"2. Japan has no intention of insisting on her preferential right under the Sino-Japanese arrangements in question concerning the engagement by China of Japanese advisers or instructors on political, financial, military or police matters in South Manchuria.

"3. Japan is further ready to withdraw the reservation which she made, in proceeding to the signature of the Sino-Japanese Treaties and Notes of 1915, to the effect that Group V of the original proposals of the Japanese Government would be postponed for future negotiations.

"It would be needless to add that all matters relating to Shantung contained in those Treaties and Notes have now been definitely adjusted and disposed of.

"In coming to this decision, which I have had the honor to announce, Japan has been guided by a spirit of fairness and moderation, having always in view China's sovereign rights and the principle of equal opportunity."

In response Chief Justice Wang made the following statement for the Chinese Government:

"The Chinese Delegation has taken note of the statement of Baron Shidehara made at yesterday's session of the Committee with reference to the Sino-Japanese Treaties and Notes of May 25, 1915.[35]

"The Chinese Delegation learns with satisfaction that Japan is now ready to throw open to the joint activity of the banking interests of other Powers the right of option granted exclusively in favor of Japanese capital with regard, first, to loans for the construction of railways in South Manchuria and Eastern Inner Mongolia, and, second, to loans secured on taxes in that region; and that Japan has no intention of insisting upon a preferential right concerning the engagement by China of Japanese advisors or instructors on political, financial, military, or police matters in South Manchuria; also that Japan now withdraws the reservation which she made to the effect that Group V of her original demands upon China should be postponed for future negotiation.

"The Chinese Delegation greatly regrets that the Government of Japan should not have been led to renounce the other claims predicated upon the Treaties and Notes of 1915.

"The Japanese Delegation expressed the opinion that abrogation of these agreements would constitute 'an exceedingly danger-

[34] For papers relating to the consortium, see pp. 761–801.
[35] *Foreign Relations*, 1915, pp. 197–204.

ous precedent,' 'with far-reaching consequences upon the stability of the existing international relations in Asia, in Europe, and everywhere.'

"The Chinese Delegation has the honor to say that a still more dangerous precedent will be established with consequences upon the stability of international relations which can not be estimated, if, without rebuke or protest from other Powers, one nation can obtain from a friendly, but in a military sense, weaker neighbor, and under circumstances such as attended the negotiation and signing of the Treaties of 1915, valuable concessions which were not in satisfaction of pending controversies and for which no *quid pro quo* was offered. These treaties and notes stand out, indeed, unique in the annals of international relations. History records scarcely another instance in which demands of such a serious character as those which Japan presented to China in 1915, have, without even pretense of provocation, been suddenly presented by one nation to another nation with which it was at the time in friendly relations.

"No apprehension need be entertained that the abrogation of the agreements of 1915 will serve as a precedent for the annulment of other agreements, since it is confidently hoped that the future will furnish no such similar occurrences.

"So exceptional were the conditions under which the agreements of 1915 were negotiated, [that] the Government of the United States felt justified in referring to them in the identic note of May 13, 1915, which it sent to the Chinese and Japanese Governments. That note began with the statement that 'in view of the circumstances [of the negotiations] which have taken place and which are now pending between the Government of China and the Government of Japan and of the agreements which have been reached as the result thereof, the Government of the United States has the honor to notify the Government of the Chinese Republic (Japan) that it can not recognize any agreement or undertaking which has been entered into [or which may be entered into] between the Governments of China and Japan impairing the treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China, or the international policy relative to China commonly known as the Open Door Policy.'

"Conscious of her obligations to the other Powers, the Chinese Government, immediately after signing the agreements, published a formal statement [36] protesting against the agreements which she had been compelled to sign, and disclaiming responsibility for consequent violations of treaty rights of the other Powers. In the statement thus issued, the Chinese Government declared that although they were 'constrained to comply in full with the terms of the (Japanese) ultimatum' they nevertheless 'disclaim any desire to associate themselves with any revision which may be thus effected, of the various conventions and agreements concluded between the other Powers in respect of the maintenance of China's territorial independence and integrity, the preservation of the *status quo*, and the principle of equal opportunity for the commerce and industry of all nations in China.'

[36] *Foreign Relations*, 1915, p. 178.

"Because of the essential injustice of these provisions, the Chinese Delegation, acting in behalf of the Chinese Government and of the Chinese people, has felt itself in duty bound to present to this Conference, representing the Powers with substantial interests in the Far East, the question as to the equity and justice of these agreements and therefore as to their fundamental validity.

"If Japan is disposed to rely solely upon a claim as to the technical or juristic validity of the agreements of 1915, as having been actually signed in due form by the two Governments, it may be said that so far as this Conference is concerned, the contention is largely irrelevant, for this gathering of the representatives of the nine Powers has not had for its purpose the maintenance of the legal *status quo*. Upon the contrary, the purpose has been, if possible, to bring about such changes in existing conditions upon the Pacific and in the Far East as might be expected to promote that enduring friendship among the nations of which the President of the United States spoke in his letter of invitation to the Powers to participate in this Conference.

"For the following reasons, therefore, the Chinese Delegation is of the opinion that the Sino-Japanese Treaties and Exchange of Notes of May 25, 1915, should form the subject of impartial examination with a view to their abrogation:

"1. In exchange for the concessions demanded of China, Japan offered no *quid pro quo*. The benefits derived from the agreements were wholly unilateral.

"2. The agreements, in important respects, are in violation of treaties between China and the other powers.

"3. The agreements are inconsistent with the principles relating to China which have been adopted by the Conference.

"4. The agreements have engendered constant misunderstandings between China and Japan, and, if not abrogated, will necessarily tend, in the future, to disturb friendly relations between the two countries, and will thus constitute an obstacle in the way of realizing the purpose for the attainment of which this Conference was convened. As to this, the Chinese Delegation, by way of conclusion, can, perhaps, do no better than quote from a Resolution introduced in the Japanese Parliament, in June, 1915, by Mr. Hara, later Premier of Japan, a Resolution which received the support of some one hundred and thirty of the members of the Parliament.

"The Resolution reads:

"'*Resolved*, that the negotiations carried on with China by the present Government have been inappropriate in every respect; that they are detrimental to the amicable relationship between the two countries, and provocative of suspicions on the part of the Powers; that they have the effect of lowering the prestige of the Japanese Empire; and that, while far from capable of establishing the foundation of peace in the Far East, they will form the source of future trouble.'

"The foregoing declaration has been made in order that the Chinese Government may have upon record the view which it takes, and will continue to take, regarding the Sino-Japanese Treaties and Exchanges of Notes of May 25, 1915."

The attitude and policy of the American Government was thus stated by the Secretary of State of the United States:

"The important statement made by Baron Shidehara on behalf of the Japanese Government makes it appropriate that I should refer to the position of the Government of the United States as it was set forth in identical notes addressed by that Government to the Chinese Government and to the Japanese Government on May 13, 1915.

"The note to the Chinese Government was as follows:

'In view of the circumstances of the negotiations which have taken place and which are now pending between the Government of China and the Government of Japan and of the agreements which have been reached as a result thereof, the Government of the United States has the honor to notify the Government of the Chinese Republic that it can not recognize any agreement or undertaking which has been entered into or which may be entered into between the Governments of China and Japan impairing the Treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China, or the international policy relative to China commonly known as the Open Door Policy.

'An identical note has been transmitted to the Imperial Japanese Government.'

"That statement was in accord with the historic policy of the United States in its relation to China, and its position as thus stated has been, and still is, consistently maintained.

"It has been gratifying to learn that the matters concerning Shantung, which formed the substance of Group I of the original demands, and were the subject of the Treaty and exchange of notes with respect to the province of Shantung, have been settled to the mutual satisfaction of the two parties by negotiations conducted collaterally with this Conference, as reported to the Plenary Session on February 1st.

"It is also gratifying to be advised by the statement made by Baron Shidehara on behalf of the Japanese Government that Japan is now ready to withdraw the reservation which she made, in proceeding to the signature of the treaties and notes of 1915, to the effect that Group V of the original proposals of the Japanese Government—namely, those concerning the employment of influential Japanese as political, financial and military advisers; land for schools and hospitals; certain railways in South China; the supply of arms, and the right of preaching—would be postponed for future negotiations. This definite withdrawal of the outstanding questions under Group V removes what has been an occasion for considerable apprehension on the part alike of China and of foreign nations which felt that the renewal of these demands could not but prejudice the principles of the Integrity of China and of the Open Door.

"With respect to the Treaty and the notes concerning South Manchuria and Eastern Inner Mongolia, Baron Shidehara has made the reassuring statement that Japan has no intention of insisting on a preferential right concerning the engagement by China of Japanese advisers or instructors on political, financial, military or police matters in South Manchuria.

"Baron Shidehara has likewise indicated the readiness of Japan not to insist upon the right of option granted exclusively in favor of Japanese capital with regard, first, to loans for the construction of

railways in South Manchuria and Eastern Inner Mongolia; and, second, with regard to loans secured on the taxes of these regions; but that Japan will throw them open to the joint activity of the international financial Consortium recently organized.

"As to this, I may say that it is doubtless the fact that any enterprise of the character contemplated, which may be undertaken in these regions by foreign capital, would in all probability be undertaken by the Consortium. But it should be observed that existing treaties would leave the opportunity for such enterprises open on terms of equality to the citizens of all nations. It can scarcely be assumed that this general right of the Treaty Powers of China can be effectively restricted to the nationals of those countries which are participants in the work of the Consortium, or that any of the Governments which have taken part in the organization of the Consortium would feel themselves to be in a position to deny all rights in the matter to any save the members of their respective national groups in that organization. I, therefore, trust that it is in this sense that we may properly interpret the Japanese Government's declaration of willingness to relinquish its claim under the 1915 treaties to any exclusive position with respect to railway construction and to financial operations secured upon local revenues, in South Manchuria and Eastern Inner Mongolia.

"It is further to be pointed out that by Articles II, III, and IV of the Treaty of May 25, 1915, with respect to South Manchuria and Eastern Inner Mongolia, the Chinese Government granted to Japanese subjects the right to lease land for building purposes, for trade and manufacture, and for agricultural purposes in South Manchuria, to reside and travel in South Manchuria, and to engage in any kind of business and manufacture there, and to enter into joint undertakings with Chinese citizens in agriculture and similar industries in Eastern Inner Mongolia.

"With respect to this grant, the Government of the United States will, of course, regard it as not intended to be exclusive, and, as in the past, will claim from the Chinese Government for American citizens the benefits accruing to them by virtue of the most favored nation clauses in the treaties between the United States and China.

"I may pause here to remark that the question of the validity of treaties as between Japan and China is distinct from the question of the treaty rights of the United States under its treaties with China; these rights have been emphasized and consistently asserted by the United States.

"In this, as in all matters similarly affecting the general right of its citizens to engage in commercial and industrial enterprises in China, it has been the traditional policy of the American Government to insist upon the doctrine of equality for the nationals of all countries, and this policy, together with the other policies mentioned in the note of May 13, 1915, which I have quoted, are consistently maintained by this government. I may say that it is with especial pleasure that the Government of the United States finds itself now engaged in the act of reaffirming and defining, and I hope that I may add, revitalizing, by the proposed Nine-Power Treaty,[39] these policies with respect to China."

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[39] *Ante*, p. 276.

This review of the action of the Conference in relation to China can not properly be closed without referring to the important declaration made by Baron Shidehara on behalf of the Japanese Delegation at the close of the Conference. In this declaration Baron Shidehara made clear what is meant by Japan in referring to her "special interests" in China. As thus defined these special interests are not claimed to connote either political domination or exclusive privileges, or any "claim or pretension" prejudicial to China or to any other foreign nation, or any antagonism to the principle of the open door and equal opportunity. Baron Shidehara said:

"We are vitally interested in a speedy establishment of peace and unity in China and in the economic development of her vast natural resources. It is, indeed, to the Asiatic mainland that we must look primarily for raw materials and for the markets where our manufactured articles may be sold. Neither raw materials nor the markets can be had unless order, happiness, and prosperity reign in China, under good and stable government. With hundreds of thousands of our nationals resident in China, with enormous amounts of our capital invested there, and with our own national existence largely dependent on that of our neighbor, we are naturally interested in that country to a greater extent than any of the countries remotely situated.

"To say that Japan has special interests in China is simply to state a plain and actual fact. It intimates no claim or pretension of any kind prejudicial to China or to any other foreign nation.

"Nor are we actuated by any intention of securing preferential or exclusive economic rights in China. Why should we need them? Why should we be afraid of foreign competition in the Chinese market provided it is conducted squarely and honestly? Favored by geographical position, and having fair knowledge of the actual requirements of the Chinese people, our traders and business men can well take care of themselves in their commercial, industrial, and financial activities in China, without any preference or exclusive rights.

"We do not seek any territory in China, but we do seek a field of economic activity beneficial as much to China as to Japan, based always on the principle of the open door and equal opportunity."

Siberia

Questions directly affecting Russian (or Siberian) interests were only two, viz, the question of the continued presence of Japanese troops in certain Russian territory, and that relating to the affairs of the Chinese Eastern Railway.

With respect to the first, statements were made by Japan and the United States and spread upon the minutes of the Conference. M. Sarraut, on behalf of France, also made a statement supporting in general terms the position of the United States and expressing confidence that Japan would fulfill its promises eventually to withdraw

its forces from Russian territory, and in general to respect the integrity of Russia.

The statement by Baron Shidehara on behalf of Japan was as follows:

"The Military expedition of Japan to Siberia was originally undertaken in common accord and in cooperation with the United States in 1918.[42] It was primarily intended to render assistance to the Czecho-Slovak troops who in their homeward journey across Siberia from European Russia, found themselves in grave and pressing danger at the hands of hostile forces under German command. The Japanese and American expeditionary forces together with other allied troops fought their way from Vladivostok far into the region of the Amur and the Trans-Baikal Provinces to protect the railway lines which afforded the sole means of transportation of the Czecho-Slovak troops from the interior of Siberia to the port of Vladivostok. Difficulties which the Allied forces had to encounter in their operations in the severe cold winter of Siberia were immense.

"In January, 1920, the United States decided to terminate its military undertaking in Siberia, and ordered the withdrawal of its forces. For some time thereafter Japanese troops continued alone to carry out the duty of guarding several points along the Trans-Siberian Railways in fulfillment of Inter-Allied arrangements and of affording facilities to the returning Czecho-Slovaks.

"The last column of Czecho-Slovak troops safely embarked from Vladivostok in September, 1920.[43] Ever since then Japan has been looking forward to an early moment for the withdrawal of her troops from Siberia. The maintenance of such troops in a foreign land is for her a costly and thankless undertaking, and she will be only too happy to be relieved of such responsibility. In fact, the evacuation of the Trans-Baikal and the Amur Provinces was already completed in 1920. The only region which now remains to be evacuated is a southern portion of the Maritime Province around Vladivostok and Nikolsk.

"It will be appreciated that for Japan the question of the withdrawal of troops from Siberia is not quite as simple as it was for other Allied Powers. In the first place, there is a considerable number of Japanese residents who had lawfully and under guarantees of treaty established themselves in Siberia long before the Bolshevik eruption, and were there entirely welcomed. In 1917, prior to the Joint American-Japanese military enterprise, the number of such residents was already no less than 9,717. In the actual situation prevailing there, those Japanese residents can hardly be expected to look for the protection of their lives and property to any other authorities than Japanese troops. Whatever districts those troops have evacuated in the past have fallen into disorder, and practically all Japanese residents have had precipitately to withdraw, to seek for their personal safety. In so withdrawing, they have been obliged to leave behind large portions of their property, abandoned and unprotected, and their homes and places of business have been de-

[42] See *Foreign Relations*, 1918, Russia, vol. II, ch. 1.
[43] See *ibid.*, 1920, vol. III, pp. 561 ff.

stroyed. While the hardships and losses thus caused the Japanese in the Trans-Baikal and the Amur provinces have been serious enough, more extensive damages are likely to follow from the evacuation of Vladivostok in which a larger number of Japanese have always been resident and a greater amount of Japanese capital invested.

"There is another difficulty by which Japan is faced in proceeding to the recall of her troops from the Maritime Province. Due to geographical propinquity, the general situation in the districts around Vladivostok and Nikolsk is bound to affect the security of Korean frontier. In particular, it is known that these districts have long been the base of Korean conspiracies against Japan. Those hostile Koreans, joining hands with lawless elements in Russia, attempted in 1920 to invade Korea through the Chinese territory of Chientao. They set fire to the Japanese Consulate at Hunchun, and committed indiscriminate acts of murder and pillage. At the present time they are under the effective control of Japanese troops stationed in the Maritime Province, but they will no doubt renew the attempt to penetrate into Korea at the first favorable opportunity that may present itself.

"Having regard to those considerations, the Japanese Government have felt bound to exercise precaution in carrying out the contemplated evacuation of the Maritime Province. Should they take hasty action without adequate provision for the future they would be delinquent in their duty of affording protection to a large number of their nationals resident in the districts in question and of maintaining order and security in Korea.

"It should be made clear that no part of the Maritime Province is under Japan's military occupation. Japanese troops are still stationed in the southern portion of that Province, but they have not set up any civil or military administration to displace local authorities. Their activity is confined to measures of self-protection against the menace to their own safety and to the safety of their country and nationals. They are not in occupation of those districts any more than American or other Allied troops could be said to have been in occupation of the places in which they were formerly stationed.

"The Japanese Government are anxious to see an orderly and stable authority speedily reestablished in the Far Eastern possessions of Russia. It was in this spirit that they manifested a keen interest in the patriotic but ill-fated struggle of Admiral Kolchak. They have shown readiness to lend their good offices for prompting the reconciliation of various political groups in Eastern Siberia. But they have carefully refrained from supporting one faction against another. It will be recalled, for instance, that they withheld all assistance from General Rozanow against the revolutionary movements which led to his overthrow in January, 1920. They maintained an attitude of strict neutrality, and refused to interfere in these movements, which it would have been quite easy for them to suppress if they had so desired.

"In relation to this policy of nonintervention, it may be useful to refer briefly to the past relations between the Japanese authorities and Ataman Semenoff,[44] which seem to have been a source of popular

[44] For papers relating to this subject, see *ibid.*, 1918, Russia, vol. II, ch. I, and *ibid.*, 1920, vol. III, pp. 527 ff.

misgiving and speculation. It will be remembered that the growing *rapprochement* between the Germans and the Bolshevik Government in Russia in the early part of 1918 naturally gave rise to apprehensions in the allied countries that a considerable quantity of munitions supplied by those countries and stored in Vladivostok might be removed by the Bolsheviks to European Russia for the use of the Germans. Ataman Semenoff was then in Siberia and was organizing a movement to check such Bolshevik activities and to preserve order and stability in that region. It was in this situation that Japan, as well as some of the Allies, began to give support to the Cossack chief. After a few months, such support by the other powers was discontinued. But the Japanese were reluctant to abandon their friend, whose efforts in the allied cause they had originally encouraged; and they maintained for some time their connection with Ataman Semenoff. They had, however, no intention whatever of interfering in the domestic affairs of Russia, and when it was found that the assistance rendered to the Ataman was likely to complicate the internal situation in Siberia, they terminated all relations with him, and no support of any kind has since been extended to him by the Japanese authorities.

"The Japanese Government are now seriously considering plans which would justify them in carrying out their decision of the complete withdrawal of Japanese troops from the Maritime Province, with reasonable precaution for the security of Japanese residents and of the Korean frontier regions. It is for this purpose that negotiations were opened some time ago at Dairen between the Japanese representatives and the agents of the Chita Government.

"Those negotiations at Dairen are in no way intended to secure for Japan any right or advantage of an exclusive nature. They have been solely actuated by a desire to adjust some of the more pressing questions with which Japan is confronted in relation to Siberia. They have essentially in view the conclusion of provisional commercial arrangements, the removal of the existing menace to the security of Japan and to the lives and property of Japanese residents in Eastern Siberia, the provision of guarantees for the freedom of lawful undertakings in that region, and the prohibition of bolshevik propaganda over the Siberian border. Should adequate provisions be arranged on the line indicated the Japanese Government will at once proceed to the complete withdrawal of Japanese troops from the Maritime Province.

"The occupation of certain points in the Russian Province of Sakhalin is wholly different, both in nature and in origin, from the stationing of troops in the Maritime Province. History affords few instances similar to the incident of 1920 at Nikolaievsk,[45] where more than seven hundred Japanese, including women and children, as well as the duly recognized Japanese Consul and his family and his official staff, were cruelly tortured and massacred. No nation worthy of respect will possibly remain forbearing under such a strain of provocation. Nor was it possible for the Japanese Government to disregard the just popular indignation aroused in Japan by the incident. Under the actual condition of things, Japan found no alternative but to occupy, as a measure of reprisal, certain

[45] See *Foreign Relations*, 1920, vol. III, pp. 511–524.

points in the Russian Province of Sakhalin in which the outrage was committed, pending the establishment in Russia of a responsible authority with whom she can communicate in order to obtain due satisfaction.

"Nothing is further from the thought of the Japanese Government than to take advantage of the present helpless conditions of Russia for prosecuting selfish designs. Japan recalls with deep gratitude and appreciation the brilliant rôle which Russia played in the interest of civilization during the earlier stage of the Great War. The Japanese people have shown and will continue to show every sympathetic interest in the efforts of patriotic Russians aspiring to the unity and rehabilitation of their country. The military occupation of the Russian Province of Sakhalin is only a temporary measure, and will naturally come to an end as soon as a satisfactory settlement of the question shall have been arranged with an orderly Russian Government.

"In conclusion, the Japanese Delegation is authorized to declare that it is the fixed and settled policy of Japan to respect the territorial integrity of Russia, and to observe the principle of nonintervention in the internal affairs of that country, as well as the principle of equal opportunity for the commerce and industry of all nations in every part of the Russian possessions."

The reply on behalf of the American Government which was made by the Secretary of State, reviewed the position which the United States had consistently maintained in diplomatic interchanges with Japan and maintained explicitly this attitude of protest. The statement is as follows:

"The American Delegation has heard the statement by Baron Shidehara and has taken note of the assurances given on behalf of the Japanese Government with respect to the withdrawal of Japanese troops from the Maritime Province of Siberia and from the Province of Sakhalin. The American Delegation has also noted the assurance of Japan by her authorized spokesman that it is her fixed and settled policy to respect the territorial integrity of Russia, and to observe the principle of nonintervention in the internal affairs of that country, as well as the principle of equal opportunity for the commerce and industry of all nations in every part of the Russian possessions.

"These assurances are taken to mean that Japan does not seek, through her military operations in Siberia, to impair the rights of the Russian people in any respect, or to obtain any unfair commercial advantages, or to absorb for her own use the Siberian fisheries, or to set up an exclusive exploitation either of the resources of Sakhalin or of the Maritime Province.

"As Baron Shidehara pointed out, the military expedition of Japan to Siberia was originally undertaken in common accord and in cooperation with the United States. It will be recalled that public assurances were given at the outset by both Governments of a firm intention to respect the territorial integrity of Russia and to abstain from all interference in Russian internal politics. In view of the

reference by Baron Shidehara to the participation of the American Government in the expedition of 1918, I should like to place upon our records for transmission to the Conference the purposes which were then clearly stated by both Governments.

"The American Government set forth its aims and policies publicly in July, 1918.[47] The purposes of the expedition were said to be, first, to help the Czecho-Slovaks consolidate their forces; second, to steady any efforts at self-government or self-defense in which the Russians themselves might be willing to accept assistance; and, third, to guard the military stores at Vladivostok.

"The American Government opposed the idea of a military intervention, but regarded military action as admissible at the time solely for the purpose of helping the Czecho-Slovaks consolidate their forces and get into successful cooperation with their Slavic kinsmen, and to steady any efforts at self-government or self-defense in which the Russians themselves might be willing to accept assistance. It was stated that the American Government proposed to ask all associated in this course of action to unite in assuring the people of Russia in the most public and solemn manner that none of the Governments uniting in action either in Siberia or in northern Russia contemplated any interference of any kind with the political sovereignty of Russia, any intervention in her internal affairs, or any impairment of her territorial integrity either now or thereafter, but that each of the Associated Powers had the single object of affording such aid as should be acceptable, and only such aid as should be acceptable, to the Russian people in their endeavor to regain control of their own affairs, their own territory, and their own destiny.

"What I have just stated is found in the public statement of the American Government at that time.

"The Japanese Government, with the same purpose, set forth its position in a statement published by the Japanese Government on August 2, 1918,[48] in which it was said:

"'The Japanese Government, being anxious to fall in with the desires of the American Government and also to act in harmony with the Allies in this expedition, have decided to proceed at once to dispatch suitable forces for the proposed mission. A certain number of these troops will be sent forthwith to Vladivostok. In adopting this course, the Japanese Government remain unshaken in their constant desire to promote relations of enduring friendship with Russia and the Russian people, and reaffirm their avowed policy of respecting the territorial integrity of Russia and of abstaining from all interference in her internal politics. They further declare that, upon the realization of the projects [*objects*] above indicated, they will immediately withdraw all Japanese troops from Russian territory and will leave wholly unimpaired the sovereignty of Russia in all its phases, whether political or military.'

"The United States of America withdrew its troops from Siberia in the spring of 1920, because it considered that the original purposes of the expedition had either been accomplished or would not longer be subserved by continued military activity in Siberia. The American Government then ceased to be a party to the expedition, but it remained a close observer of events in Eastern Siberia and has had an

[47] See the *aide-mémoire* of July 17, 1918, to the Allied Ambassadors, *Foreign Relations*, 1918, Russia, vol. II, p. 287, and the press statement quoted in the telegram of Aug. 3, 1918, to the Ambassador in Japan, *ibid.*, p. 328.

[48] See the memorandum received Aug. 2, 1918, from the Japanese Ambassador, *ibid.*, p. 324.

extended diplomatic correspondence upon this subject with the Government of Japan.

"It must be frankly avowed that this correspondence has not always disclosed an identity of views between the two Governments. The United States has not been unmindful of the direct exposure of Japan to Bolshevism in Siberia and the special problems which the conditions existing there have created for the Japanese Government, but it has been strongly disposed to the belief that the public assurances given by the two Governments at the inception of the joint expedition nevertheless required the complete withdrawal of Japanese troops from all Russian territory—if not immediately after the departure of the Czecho-Slovak troops, then within a reasonable time.

"As to the occupation of Sakhalin in reprisal for the massacre of the Japanese at Nikolaievsk, the United States, not unimpressed by the serious character of that catastrophe, but, having in mind the conditions accepted by both Governments at the outset of the joint expedition, of which the Nikolaievsk massacres must be considered an incident, it has regretted that Japan should deem necessary the occupation of Russian territory as a means of assuring a suitable adjustment with a future Russian Government.

"The general position of the American Government was set forth in a communication to Japan of May 31, 1921.[49] In that communication appears the following statement:

"'The Government of the United States would be untrue to the spirit of cooperation which led it, in the summer of 1918, upon an understanding with the Government of Japan, to dispatch troops to Siberia, if it neglected to point out that, in its view, continued occupation of the strategic centers in Eastern Siberia—involving the indefinite possession of the port of Vladivostok, the stationing of troops at Habarovsk, Nikolaievsk, De Castries, Mago, Sophiesk, and other important points, the seizure of the Russian portion of Sakhalin, and the establishment of a civil administration, which inevitably lends itself to misconception and antagonism—tends rather to increase than to allay the unrest and disorder in that region.

"'The military occupation'—I am still reading from the note of May 31, 1921—'The military occupation in reprisal for the Nikolaievsk affair is not fundamentally a question of the validity of procedure under the recognized rules of international law.'

"The note goes on to say that 'the issue presented is that of the scrupulous fulfillment of the assurances given to the Russian people, which were a matter of frank exchanges and of apparently complete understanding between the Government[s] of the United States and of Japan. These assurances were intended by the Government of the United States to convey to the people of Russia a promise on the part of the two Governments not to use the joint expedition, or any incidents which might arise out of it, as an occasion to occupy territory, even temporarily, or to assume any military or administrative control over the people of Siberia.'

"Further, in the same note, the American Government stated its position as follows:

"'In view of its conviction that the course followed by the Government of Japan brings into question the very definite understanding concluded at the time troops were sent to Siberia, the Government of the United States must

[49] *Ibid.*, 1921, vol. II, p. 702.

in candor explain its position and say to the Japanese Government that the Government of the United States can neither now nor hereafter recognize as valid any claims or titles arising out of the present occupation and control, and that it can not acquiesce in any action taken by the Government of Japan which might impair existing treaty rights or the political or territorial integrity of Russia.

"'The Government of Japan will appreciate that, in expressing its views, the Government of the United States has no desire to impute to the Government of Japan motives or purposes other than those which have heretofore been so frankly avowed. The purpose of this Government is to inform the Japanese Government of its own conviction that, in the present time of disorder in Russia, it is more than ever the duty of those who look forward to the tranquilization of the Russian people, and a restoration of normal conditions among them, to avoid all action which might keep alive their antagonism and distrust toward outside political agencies. Now, especially, it is incumbent upon the friends of Russia to hold aloof from the domestic contentions of the Russian people, to be scrupulous to avoid inflicting what might appear to them a vicarious penalty for sporadic acts of lawlessness, and, above all, to abstain from even the temporary and conditional impairment by any foreign Power of the territorial status which, for them as for other peoples, is a matter of deep and sensitive national feeling transcending perhaps even the issues at stake among themselves.'

"To that American note the Japanese Government replied in July, 1921,[50] setting forth in substance what Baron Shidehara has now stated to this Committee, pointing out the conditions under which Japan had taken the action to which reference was made, and giving the assurances, which have here been reiterated, with respect to its intention and policy.

"While the discussion of these matters has been attended with the friendliest feeling, it has naturally been the constant and earnest hope of the American Government—and of Japan as well, I am sure—that this occasion for divergence of views between the two Governments might be removed with the least possible delay. It has been with a feeling of special gratification, therefore, that the American Delegation has listened to the assurances given by their Japanese colleague, and it is with the greatest friendliness that they reiterate the hope that Japan will find it possible to carry out within the near future her expressed intention of terminating finally the Siberian expedition and of restoring Sakhalin to the Russian people."

On behalf of the French Government M. Sarraut said—

"he gave his full and unreserved adherence to this resolution.[51] In giving this unreserved adherence, he liked to remember that France was the oldest ally, perhaps, of Russia, and in this respect it was with a particular feeling of gratification that he would state that he had listened with great pleasure to the exchange of views that had just taken place before the Committee between the representatives of the United States and Japan. The French Government would hear with the same feelings the formal assurance given by Baron Shidehara of the intention of the Japanese Government concerning Siberia; of Japan's desire to withdraw her troops from Russia as soon as possible;

[50] Memorandum of July 8, 1921, from the Japanese Embassy, *Foreign Relations*, 1921, vol. II, p. 707.

[51] "*Resolved*, That the statements by the Japanese and American Delegations in respect to the presence of foreign troops in Siberia be reported to the Conference at its next Plenary Session to be spread upon its records."

of its firm intention not to interfere in the domestic affairs of Russia; and of its firm purpose to respect the integrity of Russia.

"France had full trust in Japan, who had always proved a loyal and trustworthy friend. It was quite certain that this assurance would be carried out. France accepted this with all the more pleasure because it was exactly the program which the French Government had adopted in 1918 and which led them to interfere in Siberia under the same conditions as those set forth so exactly by the Secretary of State of the United States. At this point he could not fail to restate quite clearly France's intention, like that of her Allies, to respect the integrity of Russia, and to have the integrity of Russia respected, and not to interfere in her internal policy.

"France remained faithful to the friendship of Russia, which she could not forget. She entertained feelings of gratitude to the Russian people, as she did to her other Allies. Russia had been her friend of the first hour, and she was loyal; she had stuck to her word until the Russian Government was betrayed in the way with which those present were familiar. France also remained faithful to the hope that the day would come when through the channel of a normal and regular government great Russia would be able to go ahead and fulfill her destiny. Then it would be good for her to find unimpaired the patrimony that had been kept for her by the honesty and loyalty of her allies. It was with this feeling that the French Delegation with great pleasure concurred in the adoption of the present resolution."

These statements did not immediately effect a change in the Siberian situation but they were nonetheless of the utmost importance. In the first place, the position of the United States was publicly and definitely reasserted. Further, while Japan did not fix a date for the withdrawal of her troops, she did give the most solemn and comprehensive assurance to all the Powers represented in the Conference of her fixed and settled policy "to respect the territorial integrity of Russia, and to observe the principle of nonintervention in the internal affairs of that country, as well as the principle of equal opportunity for the commerce and industry of all nations in every part of the Russian possessions."

This constitutes a pledge which no doubt will be fully redeemed. While Japan has not fixed the date for the withdrawal of her troops from Siberia, she has renounced all claims of territorial aggrandizement, of political domination, or of exclusive or preferential privilege.

Chinese Eastern Railway

The other question affecting Siberian interests directly; that is, that of the Chinese Eastern Railway, was also of the nature of a continuing diplomatic problem insusceptible of definite disposition at the Conference. This railway involves a great complexity of international interests; that of the United States is to assure its continued operation as a free avenue of commerce, to discharge the

responsibility for the railroad which the United States assumed to some extent in 1919 in cooperation with Japan and four other Powers in an arrangement for the supervision and assistance of this and other links in the Trans-Siberian system,[53] and to recover its just claims for advances.

In order to ascertain what, if anything, the Conference might usefully do to preserve the railway and increase its technical efficiency, the Committee on Pacific and Far Eastern Questions, and its technical sub-committee, gave the problem the most careful consideration.

It was finally found to be impossible to do more than to adopt the following resolution:

"*Resolved*, That the preservation of the Chinese Eastern Railway for those in interest requires that better protection be given to the railway and the persons engaged in its operation and use, a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property; that the subject should immediately be dealt with through the proper diplomatic channels."

The Powers other than China made the following reservation:

"The Powers other than China in agreeing to the resolution regarding the Chinese Eastern Railway reserve the right to insist hereafter upon the responsibility of China for performance or non-performance of the obligations towards the foreign stockholders, bondholders, and creditors of the Chinese Eastern Railway Company which the Powers deem to result from the contracts under which the railroad was built and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad."

While, as thus appears, it proved to be necessary to leave these questions for future diplomatic adjustment, not a little was accomplished in ascertaining and clarifying the views of the various governments. The discussions established unanimity among the Powers, other than China, as to the immediate need for more adequate protection of the railway and the impracticability of obtaining financial support without effective financial control, assuring the economical operation of the railway. The Conference effectively recognized Chinese sovereign rights in respect to the railway, but in the reservation above quoted made clear to China the immense responsibilities she might incur by a reckless use of her sovereign prerogatives. The Chinese delegates were impressed by this aspect of the question, and it is understood that they have already recommended to their Government that it take measures immediately and spontaneously to improve the military pro-

[53] See *Foreign Relations*, 1919, vol. I, pp. 590 ff.

tection of the railway. It has been suggested to the Chinese delegates also, and has won a certain favorable response from them, that China would be well advised to take the initiative in the diplomatic interchanges which will ensue as a result of the resolution adopted, in requesting at once the cooperation of the other Powers in maintaining the railway. It may prove possible to arrive at practical results in this way while preserving Chinese sovereignty and *amour propre*. General assent was obtained at the Conference to the continuance in force of the agreement of 1919 for the supervision of the railway.

Mandated Islands

For some time there have been negotiations between the United States and Japan in relation to the so-called mandated islands in the Pacific Ocean north of the Equator.[54] While the Conference was in session these negotiations resulted in an agreement between the American Government and the Japanese Government, which is to be embodied in a treaty.[55] The points of the agreement are as follows:

1. It is agreed that the United States shall have free access to the Island of Yap on the footing of entire equality with Japan or any other nation, in all that relates to the landing and operation of the existing Yap–Guam cable or of any cable which may hereafter be laid by the United States or its nationals.

2. It is also agreed that the United States and its nationals are to be accorded the same rights and privileges with respect to radiotelegraphic service as with regard to cables. It is provided that so long as the Japanese Government shall maintain on the Island of Yap an adequate radiotelegraphic station, cooperating effectively with the cables and with other radio stations on ships and shore, without discriminatory exactions or preferences, the exercise of the right to establish radiotelegraphic stations at Yap by the United States or its nationals shall be suspended.

3. It is further agreed that the United States shall enjoy in the Island of Yap the following rights, privileges, and exemptions in relation to electrical communications:

(*a*) Rights of residence without restriction; and rights of acquisition and enjoyment and undisturbed possession, upon a footing of entire equality with Japan or any other nation or their respective nationals of all property and interests, both personal and real, including lands, buildings, residences, offices, works, and appurtenances.

(*b*) No permit or license to be required for the enjoyment of any of these rights and privileges.

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[54] See *ibid.*, 1921, vol. II, pp. 287 ff.

[55] The treaty was signed Feb. 11, 1922; vol. II, p. 600.

(*c*) Each country to be free to operate both ends of its cables either directly or through its nationals including corporations or associations.

(*d*) No cable censorship or supervision of operation or messages.

(*e*) Free entry and exit for persons and property.

(*f*) No taxes, port, harbor, or landing charges, or exactions, either with respect to operation of cables or to property, persons, or vessels.

(*g*) No discriminatory police regulations.

4. Japan agrees that it will use its power of expropriation to secure to the United States needed property and facilities for the purpose of electrical communication in the Island, if such property or facilities can not otherwise be obtained. It is understood that the location and area of land to be so expropriated shall be arranged each time between the two Governments, according to the requirements of each case. American property and facilities for the purpose of electrical communication in the Island are to be exempt from the process of expropriation.

5. The United States consents to the administration by Japan of the mandated islands in the Pacific Ocean north of the Equator subject to the above provisions with respect to the Island of Yap, and also subject to the following conditions:

"(*a*) The United States is to have the benefit of the engagements of Japan set forth in the mandate, particularly those as follows:

"ARTICLE 3

"The Mandatory shall see that the slave trade is prohibited and that no forced labour is permitted, except for essential public work[s] and services, and then only for adequate remuneration.

"The Mandatory shall also see that the traffic in arms and ammunition is controlled in accordance with principles analogous to those laid down in the Convention relating to the control of the arms traffic, signed on September 10th, 1919,[57] or in any convention amending same.

"The supply of intoxicating spirits and beverages to the natives shall be prohibited."

"ARTICLE 4

"The military training of the natives, otherwise than for purposes of internal police and the local defense of the territory, shall be prohibited. Furthermore, no military or naval bases shall be established or fortifications erected in the territory."

"(*b*) With respect to missionaries, it is agreed that Japan shall ensure complete freedom of conscience and the free exercise of all forms of worship, which are consonant with public order and morality, and that missionaries of all such religions shall be free to enter the territory, and to travel and reside therein, to acquire and possess property, to erect religious buildings, and to open schools throughout the territory. Japan shall, however, have the right to exercise such control as may be necessary for the maintenance of public order and good government, and to take all measures required for such control.

[57] *Foreign Relations*, 1920, vol. I, p. 180.

"(*c*) Japan agrees that vested American property rights will be maintained and respected.

"(*d*) It is agreed that the treaties between the United States and Japan now in force shall apply to the mandated islands.

"(*e*) It is agreed that any modifications in the Mandate are to be subject to the consent of the United States, and, further, that Japan will address to the United States a duplicate report on the administration of the Mandate."

No agreement has yet been made with respect to the so-called mandated islands in the Pacific Ocean south of the Equator. The assent of the United States to these mandates has not yet been given, and the subject is left to negotiations between the United States and Great Britain.

No action was taken with respect to electrical communications in the Pacific. The allocation of the former German cables are matters to be dealt with by the five Principal Allied and Associated Powers and will be the subject of diplomatic negotiations.

General Summary

To estimate correctly the character and value of these several treaties, resolutions and formal declarations they should be considered as a whole. Each one contributes its part in combination with the others towards the establishment of conditions in which peaceful security will take the place of competitive preparation for war.

The declared object was, in its naval aspect, to stop the race of competitive building of warships which was in process and which was so distressingly like the competition that immediately preceded the war of 1914. Competitive armament, however, is the result of a state of mind in which a national expectation of attack by some other country causes preparation to meet the attack. To stop competition it is necessary to deal with the state of mind from which it results. A belief in the pacific intentions of other powers must be substituted for suspicion and apprehension.

The negotiations which led to the Four Power Treaty were the process of attaining that new state of mind, and the Four Power Treaty itself was the expression of that new state of mind. It terminated the Anglo-Japanese alliance and substituted friendly conference in place of war as the first reaction from any controversies which might arise in the region of the Pacific; it would not have been possible except as part of a plan including a limitation and a reduction of naval armaments, but that limitation and reduction would not have been possible without the new relations established by the Four Power Treaty or something equivalent to it.

The new relations declared in the Four Power Treaty could not, however, inspire confidence or be reasonably assured of continuance

without a specific understanding as to the relations of the powers to China. Such an understanding had two aspects. One related to securing fairer treatment of China, and the other related to the competition for trade and industrial advantages in China between the outside powers.

An agreement covering both of these grounds in a rather fundamental way was embodied in the first article of the general Nine Power Treaty regarding China. In order, however, to bring the rules set out in that article out of the realm of mere abstract propositions and make them practical rules of conduct it was necessary to provide for applying them so far as the present conditions of government and social order in China permit. This was done by the remaining provisions of the general Nine Power Treaty and Chinese Customs Treaty and the series of formal resolutions adopted by the Conference in its Plenary Sessions and the formal declarations made a part of the record of the Conference.

The scope of action by the Conference in dealing with Chinese affairs was much limited by the disturbed conditions of government in China which have existed since the revolution of 1911, and which still exist, and which render effective action by that government exceedingly difficult and in some directions impracticable. In every case the action of the Conference was taken with primary reference to giving the greatest help possible to the Chinese people in developing a stable and effective government really representative of the people of China. Much was accomplished in that direction, and the rules of conduct set forth in the first article of the General Treaty regarding China have not merely received the assent of the Powers but have been accepted and applied to concrete cases.

The sum total of the action taken in the Conference regarding China, together with the return of Shantung by direct agreement between China and Japan, the withdrawal of the most unsatisfactory of the so-called "twenty-one demands," and the explicit declaration of Japan regarding the closely connected territory of Eastern Siberia, justify the relation of confidence and good will expressed in the Four Power Treaty and upon which the reduction of armament provided in the Naval Treaty may be contemplated with a sense of security.

In conclusion, we may be permitted to quote the words of the President in closing the Conference:

"This Conference has wrought a truly great achievement. It is hazardous sometimes to speak in superlatives, and I will be restrained. But I will say, with every confidence, that the faith plighted here to-day, kept in national honor, will mark the beginning of a new and better epoch in human progress.

"Stripped to the simplest fact, what is the spectacle which has inspired a new hope for the world? Gathered about this table nine

great nations of the world—not all, to be sure, but those most directly concerned with the problems at hand—have met and have conferred on questions of great import and common concern, on problems menacing their peaceful relationship, on burdens threatening a common peril. In the revealing light of the public opinion of the world, without surrender of sovereignty, without impaired nationality or affronted national pride, a solution has been found in unanimity, and to-day's adjournment is marked by rejoicing in the things accomplished. If the world has hungered for new assurance, it may feast at the banquet which the Conference has spread.

"I am sure the people of the United States are supremely gratified, and yet there is scant appreciation [of] how marvelously you have wrought. When the days were dragging and agreements were delayed, when there were obstacles within and hindrances without, few stopped to realize that here was a conference of sovereign powers where only unanimous agreement could be made the rule. Majorities could not decide without impinging [on] national rights. There were no victors to command, no vanquished to yield. All had voluntarily to agree in translating the conscience of our civilization and give concrete expression to world opinion.

"And you have agreed in spite of all difficulties, and the agreements are proclaimed to the world. No new standards of national honor have been sought, but the indictments of national dishonor have been drawn, and the world is ready to proclaim the odiousness of perfidy or infamy.[58]

. . . . . .

"It has been the fortune of this Conference to sit in a day far enough removed from war's bitterness, yet near enough to war's horrors, to gain the benefit of both the hatred of war and the yearning for peace. Too often, heretofore, the decades following such gatherings have been marked by the difficult undoing of their decisions. But your achievement is supreme because no seed of conflict has been sown, no reaction in regret or resentment ever can justify resort to arms.

"It little matters what we appraise as the outstanding accomplishments. Any one of them alone would have justified the Conference. But the whole achievement has so cleared the atmosphere that it will seem like breathing the refreshing air of a new morn of promise.

"You have written the first deliberate and effective expression of great powers, in the consciousness of peace, of war's utter futility, and challenged the sanity of competitive preparation for each other's destruction. You have halted folly and lifted burdens, and revealed to the world that the one sure way to recover from the sorrow and ruin and staggering obligations of a world war is to end the strife in preparation for more of it, and turn human energies to the constructiveness of peace.

"Not all the world is yet tranquillized. But here is the example, to imbue with new hope all who dwell in apprehension. At this table came understanding, and understanding brands armed conflict as abominable in the eyes of [an] enlightened civilization." [58]

. . . . . .

[58] The omission which follows is indicated in the report of the delegation.

"No intrigue, no offensive or defensive alliances, no involvements have wrought your agreements, but reasoning with each other to common understanding has made new relationships among Governments and peoples, new securities for peace, and new opportunities for achievement and attending happiness.

"Here have been established the contacts of reason, here has [*have*] come the inevitable understandings of face-to-face exchanges when passion does not inflame. The very atmosphere shamed national selfishness into retreat. Viewpoints were exchanged, differences composed, and you came to understand how common, after all, are human aspirations; how alike, indeed, and how easily reconcilable are our national aspirations; how sane and simple and satisfying to seek the relationships of peace and security.

"When you first met, I told you of our America's thought to seek less of armament and none of war; that we sought nothing which is another's, and we were unafraid, but that we wished to join you in doing that finer and nobler thing which no nation can do alone. We rejoice in that accomplishment. . . ." [60]

Respectfully submitted.

CHARLES E. HUGHES
HENRY CABOT LODGE
OSCAR W. UNDERWOOD
ELIHU ROOT

WASHINGTON, *February 9, 1922.*

Ratifications during 1922 of Treaties Signed at the Conference [61]

500.A4a/51a : Circular telegram

The Secretary of State to the Ambassador in Great Britain (Harvey) [62]

WASHINGTON, *March 31, 1922—6 p. m.*

Inform Government to which you are accredited that Senate has advised ratification of the treaty signed on December 13, 1921 between the United States, the British Empire, France and Japan, relating to their insular possessions and insular dominions in the Pacific Ocean, the treaty supplementary thereto, signed February 6, 1922, and the four treaties signed at the Washington Conference on February 6, 1922, namely the Treaty to Limit Naval Armament, the Treaty relating to Submarines and Noxious Gases, the Treaty relating to the Revision of the Chinese Customs Tariff and the Treaty of policy towards China, without amendment or reservation except with respect to the four power treaty and supplementary treaty, to which,

[60] Omission indicated in the report of the delegation.
[61] For texts of treaties, see pp. 33, 46, 247, 267, 276, 282.
[62] The same to the diplomatic representatives in France and Japan and, with the omission of the last sentence, to those in Belgium, China, Italy, Netherlands, and Portugal.

in addition to the declaration signed by the plenipotentiaries of the four powers on December 13, 1921, the advice and consent of the Senate is given with the reservation and understanding that "The United States understands that under the statement in the preamble or under the terms of this treaty there is no commitment to armed force, no alliance, no obligation to join in any defense."

Instructions concerning formal notice follow by mail.

HUGHES

500.A4a/50b

The Secretary of State to the Ambassador in Great Britain (Harvey)[68]

No. 454 WASHINGTON, *April 4, 1922.*

SIR: Referring to my telegram of March 31, you are informed that the Senate has advised ratification of the Treaty signed on December 13, 1921, between the United States, the British Empire, France and Japan, relating to their insular possessions and insular dominions in the Pacific Ocean, the treaty supplementary thereto, signed February 6, 1922, and the four treaties signed at the Washington Conference on February 6, 1922, namely the Treaty to Limit Naval Armament, the Treaty relating to Submarines and Noxious Gases, the Treaty relating to the Revision of the Chinese Customs Tariff and the Treaty of policy towards China, without amendment or reservation except with respect to the Four-Power Treaty and supplementary treaty, to wit below:

1. The Senate made the following reservation and understanding a part and condition of the resolution of ratification of the Four-Power Treaty:

"The United States understands that under the statement in the preamble or under the terms of this Treaty there is no commitment to armed force, no alliance, no obligation to join in any defense."

2. In giving its advice and consent to the ratification of the treaty supplementary to the Four-Power Treaty, the Senate made the following reservation and understanding a part and condition of its resolution:

"That the Four-Power Treaty relating to Pacific Possessions shall apply to the Mandated Islands in the Pacific Ocean; provided, however, that the making of the Treaty shall not be deemed to be an assent on the part of the United States of America to the mandates and shall not preclude agreements between the United States of America and the Mandatory Powers respectively in relation to the mandated islands.

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[68] The same, *mutatis mutandis*, to France, as no. 241, and Japan, as no. 58 (file nos. 500.A4a/50a, 50c).

"That the controversies to which the second paragraph of Article 1 of the Four-Power Treaty relating to Pacific Possessions refers shall not be taken to embrace questions which according to principles of international law lie exclusively within the domestic jurisdiction of the respective Powers."

It will be observed by the British Government that this reservation and understanding merely embody the Declaration of intent and understanding signed by the representatives of the four Powers at the time of the signature by them on December 13, 1921, of the Four-Power Treaty.

In your note you will please add the statement that the Government of the United States is ready to ratify and to deposit its ratifications of the two treaties mentioned, subject to the above reservations and understandings, and that upon learning of the readiness of the three other signatory Governments to deposit their ratifications, the Government of the United States will be pleased to fix a date for the deposit of the instruments with it, as stipulated in the treaties.

I am [etc.] CHARLES E. HUGHES

500.A4d/16

The Chinese Minister (Sze) to the Secretary of State

WASHINGTON, *May 5, 1922.*

SIR: I have the honor to inform you that my Government ratified on the 29th ultimo, the Treaty between the Nine Powers, signed on February 6, 1922, relating to the Principles and Policies to be followed in matters concerning China, and the Treaty, signed on February 6, 1922, between the same Nine Powers relating to the Chinese Customs Tariff; and on the same day ratified also the Treaty, signed on February 4, 1922, between China and Japan for the Settlement of Outstanding Questions relative to Shantung.[64]

Accept [etc.] SAO-KE ALFRED SZE

500.A4a/81 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *July 27, 1922—5 p. m.*
[Received July 27—8:13 a. m.]

125. The Minister of Foreign Affairs told me at Foreign Office today that he intended to ask Cabinet tomorrow to authorize him to request Prince Regent to ratify Washington treaties. He said that the treaties had been approved by Privy Council and United States Senate and he would be asked when President is to ratify. He would like to

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[64] *Post*, p. 948.

be informed when President intends to ratify treaties as he thought inasmuch as Conference was called by United States the President should ratify first as a mere matter of courtesy if for no other reason. I told him that I would cable you for information.

WARREN

500.A4a/81 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

[Paraphrase]

WASHINGTON, *July 28, 1922—1 p. m.*

80. Your telegram no. 125, of July 27. You may inform the Minister of Foreign Affairs that the Senate has approved all Conference treaties and that President is ready to deposit formal ratification as soon as he is advised of similar readiness of other signatory Powers.

President's act of ratification is purely formal and can be done at any time, but of course treaties will become effective only upon the deposit of ratifications as provided. In view of the possibility of some attempted reservation in France, it is desirable that the President should for the present withhold technical act of ratification. This, however, is a purely formal matter and does not in any way affect this Government's full approval of the treaties and readiness to deposit ratification as soon as other Powers are ready.

HUGHES

500.A4a/82 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, *August 6, 1922—3 p. m.*

[Received 3 : 45 p. m.]

129. Referring to Department's number 80, July 28, 1 p. m. I sent following to Foreign Minister, dated August 1st:

"In my note number 129, dated May 8, 1922,[65] I had the honor to inform Your Excellency that my Government is ready to deposit ratification of the Four-Power Treaty signed at Washington, December 13, 1921, and the supplementary treaty signed at Washington February 6, 1922, subject to the reservations and understandings set out in my note; and that my Government upon being informed of the readiness of the other signatory governments to deposit their ratifications will be pleased to fix a date for the depositing of ratifications as stipulated in the treaties.

In our conversations the question has arisen as to the readiness of the President to ratify and deposit ratification of the treaties concluded at the Conference on the Limitation of Armaments to the ratification of which as you were advised in my note dated May 8, 1922, the Senate of the United States had consented.

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[65] See the Department's instruction of Apr. 4, 1922, p. 379.

I now have the honor to advise you that I am authorized by my Government to inform you that the President is ready to deposit ratification of all the treaties concluded at the Conference upon being advised of the readiness of the other signatory governments to deposit their ratifications; and that my Government when so advised will be pleased to fix a date for the depositing of ratifications as stipulated in the treaties.

As stated in our recent conversation I will be pleased to receive from Your Excellency for transmission to my Government the information that the Imperial Japanese Government is similarly ready to deposit its ratifications of the four power treaty, the supplementary treaty and the treaties concluded at the Conference on the Limitation of Armaments."

In reply I received following from the Minister for Foreign Affairs, dated August 5th:

"In your note number 181 under date of the 1st instant Your Excellency has informed me that the President of the United States is ready to ratify and deposit ratifications of the Four-Power Treaty signed at Washington December 13, 1921, and the supplementary agreement to the said treaty signed at Washington February 6, 1922, subject to the reservations and understandings set out in Your Excellency's note number 129, dated May 8, 1922, as well as all other treaties concluded at the Conference of Washington on the Limitation of Armaments without any modification nor reservation; and that the President upon being informed of the readiness [of] the other signatory powers to deposit their ratifications will be pleased to fix a date for depositing the ratifications as stipulated in the treaties.

I have the honor to inform Your Excellency that all the treaties above mentioned having been ratified on the part of this country on the 5th instant the Japanese Government have immediately taken steps to forward the instruments of ratification to the Japanese Chargé d'Affaires at Washington and consequently that they are ready to proceed with the deposit of the ratifications as soon as they shall be informed that the President has fixed a date for that purpose according to the stipulations of the respective treaties upon being advised of the readiness of all other signatory governments to effect the like deposit as stated in Your Excellency's note of the 1st instant."

WARREN

500.A4b/60 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

[Paraphrase]

LONDON, *August 10, 1922—5 p.m.*

[Received August 10—1:32 p.m.]

351. I am informed by Foreign Office that all the Dominions as well as the British Government have approved all the Washington treaties and that it is expected that within the next few days the King's ratification on behalf of the whole Empire will be sent to Washington.

HARVEY

500.A4a/88

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] *August 24, 1922.*

Mr. Chilton of the British Embassy informed me that the ratifications of the Washington treaties have been received from London. He wished to inquire whether we were prepared to exchange ratifications. I told him that in my opinion the ratifications ought to be held in the British Embassy until the appointed time for the joint deposit of ratifications at the Department.

W[ILLIAM] P[HILLIPS]

500.A4/486

The Secretary of State to President Harding

THE PRESIDENT: The undersigned the Secretary of State has received from the Senate a resolution adopted on December 11, 1922, reading as follows:

"RESOLVED, That the Secretary of State be, and he is hereby, requested to furnish the Senate information showing to what extent and by what nations the six treaties known as the Armament Conference Treaties, described in Senate Document 124, 67th Congress, 2d Session, have been ratified, and to give the date of ratification in each case by each country."

In reply the Secretary of State has the honor to report to the President, with a view to the transmission of the information to the Senate, if the President's judgment approve thereof, as follows:

The Department of State has been notified by the Diplomatic Missions of Great Britain and Japan at Washington that they had received the Instruments of ratification by their Governments of all six of the treaties signed at the Washington Conference on the Limitation of Armament, and that they were prepared to deposit the ratifications with the Government of the United States in conformity with the provisions of the treaties in that regard; and by the Legation of China at Washington that it had received the ratifications by the Government of China of the two treaties to which that Government is a Signatory,—one relating to the treaties and policies to be followed in matters concerning China and the other relating to the Chinese Customs Tariff, and that that Legation was also prepared to deposit the Instruments of ratification. The date of the ratifications of Japan is stated to be August 5, 1922, and that of the ratifications of China, April 29, 1922. The Department is not informed of the date of the British Instruments of ratification, but the information regarding the receipt of the Instruments by the British Embassy and that Em-

bassy's readiness to deposit the ratifications was furnished to the Department on August 24, 1922.

The Department of State is not informed that any of the treaties has been ratified by any of the other Signatory Powers.

Respectfully submitted,

CHARLES E. HUGHES

WASHINGTON, *December 14, 1922.*

DECISION BY THE UNITED STATES NOT TO PARTICIPATE IN THE GENOA CONFERENCE, APRIL 10–MAY 19, 1922

763.72119/11714 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, *December 27, 1921—5 p.m.*

697. Your 998 December 23.[1]

It is the President's desire that you attend meeting of Supreme Council at Cannes as Observer for this Government, in accord with your original instructions.[2]

HUGHES

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550 E 1/4 : Telegram

The Unofficial Observer at Cannes (Harvey) to the Secretary of State

CANNES, *January 6, 1922.*

[Received 8:25 p.m.]

The Supreme Council voted unanimously to call a conference of "economic and financial character", in pursuance of resolutions adopted and appended. I did not participate. The Council also voted unanimously to invite the United States to send representatives to the conference, and directed President Briand to convey such invitation through me, which he has done. The conference will be held in Genoa early in March. Statements by Lloyd George and Briand have been given to press. There was singular unanimity and harmony throughout. The only discussion was over exact phrasing of resolutions submitted by British delegation. Few changes were made. The only reference to the United States was an expression of hope by Lloyd George that the great Republic of the West would see its way clear to lend its cooperation in the effort of rehabilitation and reconstruction. He took particular pains, how-

[1] Not printed.

[2] See telegram no. 274, May 11, 1921, to the Ambassador in Great Britain, *Foreign Relations*, 1921, vol. I, p. 14.

ever, to add that the decision must rest wholly with the American Government and that he would not think of expressing an opinion of its action. All coincided tacitly in his attitude. There can be no question of their earnest desire for United States' participation. The effect of the Washington Conference in getting things done promptly was manifest.

Resolutions in full follow:

"The Allied Powers in conference are unanimously of opinion that an economic and financial conference should be summoned in February or early March to which all the powers of Europe including Germany, Russia, Austria, Hungary and Bulgaria should be invited to send representatives. They regard such [a] conference as an urgent and essential step towards the economic [re]construction of Central and Eastern Europe and they are strongly of opinion that the Prime Ministers of every nation should, if possible, attend it in person in order that action may be taken as promptly as possible upon its recommendations. The Allied Powers consider that the resumption of international trade throughout Europe and the development of the resources of all countries are necessary to increase the volume of productive employment and to relieve the widespread suffering of the European peoples. A united effort by the stronger powers is necessary to remedy the paralysis of the European system. This effort must include the removal of all obstacles in the way of trade, the provision of substantial credits for the weaker countries and the cooperation of all nations in the restoration of normal prosperity. The Allied Powers consider that the fundamental conditions, upon which alone this effort can be made with hope of success, may be broadly stated as follows:

1. Nations can claim no right [to] dictate to each other regarding the principles on which they are to regulate their system of ownership, internal economy and government. It is for every nation to choose for itself the system which it prefers in this respect.

2. Before, however, foreign capital can be made available to assist a country, foreign investors must be assured that their property and rights will be respected and the fruits of their enterprise secured to them.

3. This sense of security cannot be reestablished unless the governments of countries desiring foreign credit freely undertake (*a*) that they will recognize all public debts and obligations which have been or may be undertaken or guaranteed by the state, by municipalities, or by other public bodies as well as the obligation to restore or compensate all foreign interests for loss or damage caused to them when property has been confiscated or withheld (*b*) that they will establish a legal and judicial system which sanctions and enforces commercial and other contracts with impartiality.

4. An adequate means of exchange must be available and generally there must [be] financial and currency conditions which offer sufficient security for trade.

5. All nations should undertake to refrain from propaganda subversive of order and the established political system in other countries than their own.

6. All countries should join in an undertaking to refrain from aggression against their neighbors.

[If,] in order to secure the conditions necessary for the development of the trade in Russia, the Russian Government demands official recognition, the Allied Powers will be prepared to accord such recognition only if the Russian Government accept the foregoing stipulations."

HARVEY

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550 E 1/360

The Assistant Secretary of State (Dearing) to the Secretary of State

[WASHINGTON,] *January 12, 1922.*

THE SECRETARY: The Russian Ambassador called yesterday and discussed the proposed Genoa Conference. The following is a summary of his remarks:

The invitation to the Bolshevik Government to attend the Genoa Conference is in contradiction to the principle of moral trusteeship for Russia which would protect the territorial and economic integrity of Russia. This integrity is now threatened. There will be discussions with Lenin, or his representatives, and settlements will be made permitting Germany to exploit Russia for indemnity payment to France, and Russian integrity will thereby be imperilled.

The Japanese interest is especially to be noted. Siberia was to have been discussed at Washington. Why then should Japan be in such haste to accept the Genoa invitation on the ground that a Siberian settlement is possible? The answer is that Japan does not desire discussion on the American basis but on some other basis detrimental to Russia.

The newspapers have said that the conditions embodied in the Cannes resolutions are substantially the same as the American principles enunciated in the statement of March 25th last.[3] Upon comparison they appear, in fact, to be quite different. The Cannes conditions propose that Russia shall participate once more in European economic life and that she shall pay her debts. Production is a necessary precedent to any such consummation, and production depends upon the principles stated in the March 25th declaration. The Cannes resolutions are mere camouflage.

The Ambassador fears that Lenin may give wholesale concessions as has been done in China. A succeeding government would natural-

[3] *Foreign Relations*, 1921, vol. II, p. 768.

ly oppose these concessions. It will, therefore, be in the interest of the Powers benefiting from the concessions to keep the Bolshevik Government in power.

In their present "compromise with capitalism" the Bolsheviks are ceding only to expediency. Their minds have not changed. Lenin will derive political strength from attendance at the Genoa Conference and the pressure which is forcing his government into the compromise with capitalism will be relieved.

The United States has gained in great prestige in Russia. The Ambassador learns this from personal contact with Russians and from letters he receives. The present relief measures have helped a great deal. It is important to uphold this prestige, gratitude and esteem. Certain European Governments desire to undo what has been accomplished by the United States. They are agitated by the position which the United States has attained. They feel that if the United States can be brought to their basis at Genoa they can overthrow this prestige.

The Ambassador hopes that the United States will not abandon its policy and its position.

F[RED] M. D[EARING]

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550 E 1/9

The Italian Ambassador (Ricci) to the Secretary of State

[Translation [4]]

WASHINGTON, *January 16, 1922.*

MR. SECRETARY OF STATE: By order of my Government I have the honor to inform, through Your Excellency, the Government of the United States of America of the following invitation from the Italian Government:

"Pursuant to a resolution of the Supreme Council of the Allied Powers, I have the honor to forward to you a copy of a resolution adopted on January 6, 1922, by the Allied Governments assembled in conference at Cannes.[5]

"In accordance with that decision I have the honor to invite the Government of the United States of America to take part in the economic and financial conference that will be opened at Genoa on March 8, 1922.

"I beg you kindly to make known to me the names of your delegates and their staff.

Signed: Torretta
Minister of Foreign Affairs."

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[4] File translation revised.

[5] Resolution of Jan. 6 quoted in the telegram of that date from the Unofficial Observer at Cannes, p. 384.

I have the honor to add for your information that the Supreme Council has decided that the small powers shall each be represented by two members of their Government, or two delegates, and that as for the great powers it would be desirable that the number of their representatives be kept between three and five.

I take [etc.] V. ROLANDI RICCI

861.01/367 : Telegram

The Consul General at London (Skinner) to the Secretary of State

LONDON, *January 20, 1922—4 p.m.*
[Received January 20—3 : 50 p.m.]

Krassin head of Soviet delegation in London called voluntarily today to urge full recognition by the United States, his real object being to elicit indication of American Government's willingness to receive sympathetically formal proposals to this effect. Krassin said Lloyd George assured him position of Russia in Genoa Conference would be that of full recognition of Soviet Government. Said further Russia regarded United States as having technically made war against Russia that American claims must be in connection with Russian counter claims. If political recognition impossible he hoped for *de facto* recognition as he personally wished to visit United States in the spring. He indicated that Russian oil territory could not be restored to original owners but might be parcelled out among small number of very large concessionaries preferably some American concerns who might reimburse original owners by distribution of shares or payments in cash. Said he was desirous to secure American participation in important pipe-line construction. My attitude was merely that of listener.

SKINNER

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550 E 1/17

The Italian Ambassador (Ricci) to the Secretary of State

[Translation [6]]

WASHINGTON, *January 23, 1922.*

MR. SECRETARY OF STATE: Referring to my note of the 16th instant, I have, by order of my Government, the honor to forward herewith to Your Excellency the agenda of the Conference of Genoa, approved at Cannes by the Supreme Council at its forenoon session of January 11, 1922:

1) Examination of methods for the putting into operation of the principles contained in the resolutions approved at Cannes by the Supreme Council on January 6, 1922;

[6] File translation revised.

2) Establishing the peace of Europe on a firm basis;
3) Conditions necessary to restore confidence without prejudice to the existing treaties;
4) Financial questions:
   a) Circulation;
   b) Central banks and banks of issue;
   c) Public finances with respect to the reconstruction work;
   d) Exchanges;
   e) Organization of public and private credit;
5) Economic and commercial questions:
   a) Facilities and guarantees for the import and export trade;
   b) Guarantees of law and legal practice for the resumption of commerce;
   c) Protection of industrial, literary and artistic property;
   d) Consular laws and regulations;
   e) Admission and status of foreigners with respect to their engaging in business;
   f) Technical assistance in the work of industrial reconstruction.
6) Transportation.

Accept [etc.] V. ROLANDI RICCI

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550 E 1/14

The Italian Ambassador (Ricci) to the Secretary of State

[Translation]

WASHINGTON, *January 23, 1922.*

EXCELLENCY: By order of my Government I have the honor to advise Your Excellency that the Italian Government has been informed by the Russian Government that the Pan-Russian Executive Committee has been called to meet on January 27 and elect the Russian Delegation to the Genoa Conference vesting it with extraordinary full powers.

The Russian Government has asked the Italian Government to bring the foregoing to the knowledge of the Government of the United States of America.

Be pleased to accept [etc.] V. ROLANDI RICCI

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550 E 1/23 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

ROME, *January 30, 1922—2 p.m.*
[Received 7:27 p.m.]

19. I am informed that the Italian Government, though evidently anxious to have the United States participate if Genoa Conference

proceeds, has cooled toward Conference itself, as it is becoming clearer daily that the economic agenda may and probably will be overshadowed by political interests. I feel safe in stating that any enthusiasm for this Conference is waning rapidly in Italy and in Europe. The presence of Bolshevik representatives and a possible reawakening of social disorder in Italy is now viewed with alarm by many Italian leaders. It is recognized that new French Ministry being embarrassed to decline after Briand's acceptance can make farcical the participation of France. It is felt that the time is not yet ripe to discuss political problems which will immediately arise in connection with German finance and reparations and the degrees of recognition to be accorded the Bolshevik Government. The political effect of the proposals made in the United States that certain nations conserve and disarm before request for financial favors has been profound. It is thought that if time passes these suggestions from the United States will have effect, whereas participation at this time will render them inert or else will lead to a situation where the United States will have to take a stand too definite and unpopular. The Minister for Foreign Affairs is evidently not enthusiastic for the participation of Russia and is not pleased at political aspect overshadowing proposed economic discussion.

Many foreign heads of mission have stated to me the belief that Genoa Conference will be farcical and have indicated the hope that United States would not permit international financial middlemen to force us into insincere and premature conclave.

CHILD

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550 E 1/35

The Italian Ambassador (Ricci) to the Secretary of State

[Translation]

WASHINGTON, *February 3, 1922.*

MR. SECRETARY OF STATE: By order of my Government I have the honor to forward herewith to you a copy of a communication sent to the Royal Ministry of Foreign Affairs of the Kingdom of Italy by Mr. Tchicherin concerning the membership of the Russian delegation to the Genoa Conference.[1]

To that effect His Excellency Marquis Torretta wishes me as a matter of official duty to call Your Excellency's attention to the fact that representatives of Ukrainia, Azerbaijan, Georgia, Armenia, Bukhara, the Republic of the Far East and representatives of three Labor Unions are on that delegation on a par with the other members.

[1] Not printed.

With respect to Ukrainia His Excellency the Minister wishes me to refer to the declarations made by him on the subject at the sitting of the Supreme Council of January 10th where it was decided to admit Ukrainia to the Conference of Genoa on the request of the Moscow Government.

As for the other countries His Excellency the Minister remarks in a general way that they are outside of Europe while the Conference of Genoa under the decision arrived at at Cannes has a European character and it was decided that of non-European countries only those that were represented at the Supreme Council would be asked to participate.

As for Georgia His Excellency the Minister further remarks that there exists a *de jure* government that has been recognized and that the country is therefore in point of law in the condition of an invaded country; as for Azerbaijan, that country has not yet been recognized as a State and finally as for the Republic of the Far East that its separation has not been recognized.

Pending receipt of the opinion of the Government of the United States on the subject the Government of His Majesty would propose to consider all the delegates of the Russian delegation simply to be Russian delegates independently of the title by which they were chosen and independently of the office that they may hold in their respective countries.

Bearing in mind, however, the fact that in this way the Russian delegation would number 15 persons and that a wish was expressed at Cannes that while the number of Russian delegates was not determined that these as well as those from the countries that took part in the Supreme Council should be kept between 3 and 5 members, the Royal Government would propose to inquire of the Moscow Government whether the Russian delegation could not be reduced in numbers and delegates be sent only as experts.

Begging Your Excellency kindly to enable me to report to my Government such opinion as Your Excellency may be willing to express on the subject, I am [etc.]

V. Rolandi Ricci

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550 E 1/111

The Italian Embassy to the Department of State

Memorandum

Owing to the protracted crisis of the Italian Cabinet, the Royal Government has found itself in the impossibility of maintaining unchanged the date of March 8th chosen by the Supreme Council for the Genoa Conference.

The Italian Government has therefore been compelled to postpone the convening of the Conference and to communicate such a decision to every Government invited to said Conference.

The Italian Government will get in touch with every Allied Government in order to choose of one accord a new date.

WASHINGTON, *February 26, 1922.*

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550 E 1/62 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

ROME, *March 1, 1922—1 p.m.*
[Received March 2—3 : 20 a. m.]

30. Italian Government has received from Russia a telegraphic reply to Italy's announcement of postponement of the Genoa Conference. The reply, signed by Chicherin, accepts postponement but contains extraordinary insolence and abuse of purposes and policies of so-called capitalistic nations, especially Italy. Text has not been published but personnel of Foreign Office considers Russian reply an attempt to make a large gesture of political importance to hide economic desperation. Something may be forecast of Russia's attitude at the conference.

CHILD

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550 E 1/78a

The Secretary of State to the Italian Ambassador (Ricci)

WASHINGTON, *March 8, 1922.*

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note [8] transmitting the invitation addressed by the Italian Government to the Government of the United States to take part in an "economic and financial" conference to be convened at Genoa pursuant to the resolution adopted on January 6, 1922, by the Allied Governments in conference at Cannes.

I have also received your later notes with respect to American representation, the proposed agenda, and the postponement of the date of the Conference.[9]

Since the receipt of Your Excellency's first note, the question of American participation in the proposed conference has had the most earnest attention. I am sure that you will realize that the Government of the United States must take a deep interest in any confer-

[8] Note of Jan. 16, p. 387.
[9] Note regarding American representation not printed; the other two notes printed on pp. 388 and 391, respectively.

ence which holds promise of effective measures to promote the economic rehabilitation of Europe, since not only do we keenly desire the return of prosperity to the peoples who have suffered most severely from the wastes and dislocations of war, but it is also manifest that there can be no improvement in world conditions in the absence of European recuperation. It is with this sympathetic spirit, and with the utmost reluctance to withhold its support from any appropriate effort to attain this object, that the Government of the United States has examined the resolution adopted at Cannes and the suggested agenda for the Conference.

I regret to inform Your Excellency that, as a result of this examination, it has been found impossible to escape the conclusion that the proposed Conference is not primarily an economic conference, as questions appear to have been excluded from consideration without the satisfactory determination of which the chief causes of economic disturbance must continue to operate, but is rather a conference of a political character in which the Government of the United States could not helpfully participate. This Government cannot be unmindful of the clear conviction of the American people, while desirous, as has been abundantly demonstrated, suitably to assist in the recovery of the economic life of Europe, that they should not unnecessarily become involved in European political questions.

It may be added, with respect to Russia, that this Government, anxious to do all in its power to promote the welfare of the Russian people, views with the most eager and friendly interest every step taken toward the restoration of economic conditions which will permit Russia to regain her productive power, but these conditions, in the view of this Government, cannot be secured until adequate action is taken on the part of those chiefly responsible for Russia's present economic disorder.

It is also the view of this Government—and it trusts that this view is shared by the governments who have called the Conference—that, while awaiting the establishment of the essential bases of productivity in Russia, to which reference was made in the public declaration of this Government on March 25, 1921,[10] and without which this Government believes all consideration of economic revival to be futile, nothing should be done looking to the obtaining of economic advantages in Russia which would impair the just opportunities of others, but that the resources of the Russian people should be free from such exploitation and that fair and equal economic opportunity in their interest, as well as in the interest of all the Powers, should be preserved.

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[10] *Foreign Relations*, 1921, vol. II, p. 768.

While this Government does not believe that it should participate in the proposed Conference, it sincerely hopes that progress may be made in preparing the way for the eventual discussion and settlement of the fundamental economic and financial questions relating to European recuperation which press for solution.

Accept [etc.] CHARLES E. HUGHES

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550 E 1/98

The Italian Ambassador (Ricci) to the Secretary of State

The Italian Ambassador presents his compliments to His Excellency the Secretary of State and, by order of his Government, has the honor to inform him that, according to an agreement passed between the Allied Governments, the date of the opening of the International Conference in Genoa has been settled for the tenth of April 1922.

WASHINGTON, *March 13, 1922.*

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550 E 1/119 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, *March 24, 1922—5 p.m.*

33. Your 42, March 23, 1 p.m.[11]

. . . The President has stated that this Government will have no observer at Genoa except yourself.

It is expected that you will keep this Government fully advised of what goes on. While you are not to participate in the Conference, there is no objection to your going to Genoa if you think it advisable.

HUGHES

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550 E 1/135 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

ROME, *March 27, 1922—noon.*

[Received 6 : 15 p.m.]

44. Department's 33 of March 24. Impossible to inform Department currently and accurately without going to Genoa, taking a code clerk and probably a secretary. During the Conference all important responsible officials of the Italian Foreign Office will be

[11] Not printed.

at Genoa. This will permit me to continue to function as Ambassador to Italy and not oblige someone to assume or be invested with the doubtful function as official conference observer. If this meets your views please cable and explain how personal accounts and necessary cable tolls are to be charged. I request Dominian, of Rome consulate,[12] be instructed to report to me temporarily, if I go to Genoa. Letter follows by courier.[13]

CHILD

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550 E 1/145 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

[Paraphrase]

WASHINGTON, *March 31, 1922—2 p.m.*

41. Your 44 of March 27. If you go to Genoa you may take a code clerk and if necessary, a secretary. Dominian authorized to report to you temporarily. Expense should be kept as low as possible and a separate account should be submitted. Report an estimate of the amount necessary.

The Department is considering orders to Logan,[14] if Boyden[15] can spare him, to assist in gathering financial and economic information, particularly among experts of foreign delegations concerned with these subjects.

As this Government has declined invitation to the Conference, you should be extremely careful to avoid giving impression that you are participating officially or unofficially in any capacity whatsoever. You will not in any sense be the representative of this Government at Conference but, as American Ambassador to Italy, you will proceed to Genoa because you desire to keep your Government informed, as far as possible, of what transpires. There is no objection to your attending public sessions if you consider it appropriate, or if any colleagues whose Governments are not taking part in Conference do likewise.

Report fully by mail what you learn, and, when necessary, by cable, but in that case report only items not covered by the press.

You should be careful to express no opinion concerning negotiations or debates.

Department relies entirely on your discretion.

HUGHES

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[12] Leon Dominian, consul at Rome.
[13] Not printed.
[14] Col. James A. Logan, Jr., assistant American representative on the Reparation Commission.
[15] Roland W. Boyden, American representative on the Reparation Commission.

550 E 1/163 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

[Paraphrase]

PARIS, *April 5, 1922—9 p. m.*
[Received April 5—8:55 p.m.]

151. B–670. [From Boyden]:

Next week considerable information useful to the United States will be lying round north Italy. The information cannot be picked up by anyone who is not personally acquainted with individuals. Unless the Department sees objection, possibility of which is apparent, I shall urge Logan to take a short vacation trip, entirely personal, incognito as far as possible, not beginning until a couple of days after the Genoa Conference opens. Incidentally he might call on Child at Genoa. Boyden.

HERRICK

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550 E 1/163 : Telegram

The Secretary of State to the Ambassador in France (Herrick)

[Paraphrase]

WASHINGTON, *April 8, 1922—4 p.m.*

109. B–316. Urgent for Boyden:

Your B–670 of April 5. Logan is authorized to visit Italy informally in accordance with your suggestion. He should submit a separate account for his expenses which should be reasonable. Logan should be guided by the Department's instructions to Child, who will cable them to you for confidential information of yourself and Logan.

HUGHES

[Documents relating to the failure of the Genoa Conference to attain an understanding between Russia and the other powers, are printed in volume II, pages 770 ff.]

NEGOTIATIONS ON BEHALF OF THE WORLD WAR FOREIGN DEBT COMMISSION FOR THE SETTLEMENT OR REFUNDING OF DEBTS OWED THE UNITED STATES BY FOREIGN GOVERNMENTS

841.51/499

The British Embassy to the Department of State

AIDE MEMOIRE

In the course of a conversation on the 10th of February Mr. Hughes observed to Sir Auckland Geddes that it seemed not im-

probable that the United States Government would be prepared to open discussions with His Majesty's Government in April in regard to the funding of the British debt to the United States of America. In order that His Majesty's Government may prepare for any such discussion, it is important that they should learn at an early date what character such conversations are likely to take. There appear to be three possibilities.

1. To invite the British Government alone as being a large fellow creditor to discuss general problems of debt due to the British and United States Governments, or
2. To invite the British Government alone to discuss simply the British debt to the United States, or
3. To invite the major debtors of the United States, e.g., Britain, France, Belgium and Italy together.

His Majesty's Government would strongly prefer either the first or the third alternative as compared with the second. But in any case they are anxious to learn as soon as possible whether the United States Government propose to deal with each of its debtors singly, according to their apparent capacity or willingness to pay and without reference either to debts owed to, e.g., Britain and France by other allied debtors of the United States or to Germany's reparation liability.

[Received March 18, 1922.]

800.51 W 89/—

The Secretary of the World War Foreign Debt Commission (Wadsworth) to the Secretary of State

WASHINGTON, *April 18, 1922.*

MY DEAR MR. SECRETARY: I beg to quote below a resolution passed at its meeting to-day by the World War Foreign Debt Commission as follows:

"*Resolved*, That the Secretary of State be requested to inform each of the Governments whose obligations, arising out of the World War, are held by the United States, including obligations held by the United States Grain Corporation, the War Department, the Navy Department, or the American Relief Administration, of the organization of the World War Foreign Debt Commission pursuant to the Act of Congress approved February 9, 1922[16] and that the Commission desires to receive any proposals or representations which the said Government may wish to make for the settlement or refunding of its obligations under the provisions of the Act."

[16] 42 Stat. 363.

I understand that it is the request of the Commission that you should, through the usual diplomatic channels, transmit this resolution, together with a copy of the Funding Bill, to each Government whose indebtedness to the United States may be funded under the authority of the Bill.

A statement is attached hereto giving a list of such Governments, together with their indebtedness, principal as of February 2, 1922 and interest accrued and unpaid up to and including the last interest period, prior to February 2, 1922.

I trust that you will find it convenient to send a copy of the communication sent to each Government for the files of the Commission.

Very truly yours,

ELIOT WADSWORTH

[Enclosure]

STATEMENT SHOWING OBLIGATIONS OF FOREIGN GOVERNMENTS AND SO-CALLED GOVERNMENTS HELD BY THE UNITED STATES (INCLUDING THOSE HELD BY UNITED STATES GRAIN CORPORATION), INTEREST ACCRUED AND UNPAID THEREON UP TO AND INCLUDING THE LAST INTEREST PERIOD, AND INTEREST HERETOFORE PAID

Country	Principal Amount of Obligations	Interest accrued and unpaid up to and including the last interest period	Total Indebtedness	Interest heretofore paid
Armenia	$11,959,917.49	$1,177,548.58	$13,137,466.07	
Austria	24,055.708.92	1,443,342.54	25,499,051.46	
Belgium	377,564,298.77	42,699,698.78	420,263,997.55	$13,704,632.95
Cuba [a]	8,147,000.00		8,147,000.00	1,656,058.14
Czechoslovakia	91,169,834.29	11,158,765.66	102,328,599.95	304,178.09
Esthonia	13,999,145.60	1,695,002.82	15,694,148.42	
Finland	8,281,926.17	723,156.02	9,005,082.19	
France	3,358,104,083.20	357,917,937.09	3,716,022,020.29	160,120,962.01
Great Britain	4,166,318,358.44	509,173,742.89	4,675,492,101.33	247,844,685.50
Greece [a]	15,000,000.00		15,000,000.00	1,159,153.34
Hungary	1,685,835.61	151,725.21	1,837,560.82	
Italy	1,648,034,050.90	202,279,732.07	1,850,313,782.97	57,598,852.62
Latvia	5,132,287.14	449,009.25	5,581,296.39	126,266.19
Liberia	26,000.00	2,218.85	28,218.85	861.10
Lithuania	4,981,628.03	498,162.80	5,479,790.83	
Nicaragua [b]	170,585.35		170,585.35	
Poland	135,620,583.98	12,692,474.29	148,313,058.27	1,290,620.78
Roumania	36,128,494.94	4,380,746.47	40,509,241.41	263,313.74
Russia	192,601,297.37	30,558,954.64	223,160,252.01	5,107,535.68
Serbia	51,153,160.21	6,057,626.80	57,210,787.01	636,059.14
Total	$10,150,134,196.41	$1,183,059,844.76	$11,333,194,041.17	$489,813,179.28

[a] Cuba and Greece pay interest as it becomes due.
[b] No interest due on Nicaraguan notes until maturity.

February 2, 1922.

800.51 W 89/1a : Telegram

The Secretary of State to the Ambassador in France (Herrick)[17]

WASHINGTON, *April 21, 1922—12 noon.*

1. You are instructed to communicate to the Government to which you are accredited the text of the following resolution adopted by the World War Foreign Debt Commission on April 18.

[Here follows text of resolution quoted in letter from the Secretary of the World War Foreign Debt Commission, April 18, printed *supra.*]

At the same time you will communicate the text of the law of February 9, 1922 creating the above-mentioned Commission, a copy of which was transmitted to you by the Department February 28. You will add the following statement:

"Pursuant to the terms of the foregoing resolution, and under instructions from my Government, I have the honor to inform you that the Commission desires to receive any proposals or representations which the Government of France may wish to make for the settlement or refunding of its obligations under the provisions of the Act."

2. It may be that the Government to which you are accredited will desire to send financial representatives to Washington for purpose of direct dealing. If so, Department would like to be informed of the personnel of such representation and when likely to arrive. You may make informal inquiries on this point and in your discretion suggest that it would be agreeable to this Government if negotiations were to begin at an early date; also that it is contemplated that representatives of foreign governments may negotiate directly with the Commission.

3. Repeat the foregoing *mutatis mutandis* to Brussels, Prague, Helsingfors, London, Budapest, Rome, Warsaw, Bucharest and Belgrade.[18]

HUGHES

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[17] See last paragraph for instructions to repeat to certain other countries.

[18] For representations to Esthonia, Latvia, and Lithuania, see instruction no. 271, Aug. 8, 1922, to the Commissioner at Riga, p. 411.

Documents relating to the debt of Austria will be found in the section under Austria entitled, "Measures taken to suspend financial claims against Austria by the United States and other creditor nations," p. 613. No refunding of the debt of Cuba was required, as interest and installments on the principal were being regularly paid. Repayment of the debt of Liberia was to be made from proceeds of the loan provided for in the Loan Plan of 1921, which, however, failed in 1922 to receive the sanction of the American Congress (see under Liberia, vol. II, pp. 606 ff). No negotiations were entered into during 1922 with Armenia, Greece, or Russia, as the Governments of these countries were not recognized by the United States. The debt of Nicaragua was regarded as already in funded form.

800.51 W 89 Belgium/—

The Belgian Ambassador (Cartier) to the Secretary of State

No. 654 WASHINGTON, *April 27, 1922.*

SIR: I have the honour to acknowledge the receipt of your note of April 22, 1922,[19] by which you kindly inform me that, pursuant to the terms of the Act of February 9, 1922, the World War Foreign Debt Commission has been organized and desires to receive any proposals or representations which the Government of Belgium may wish to make for the settlement or refunding of its obligations under the provision of said Act.

I have the honour to inform you that I have been designated by my Government to enter into negociations with this Commission with a view to arriving at a satisfactory settlement in the scope of the Act of February 9, 1922, and that I shall forthwith communicate in the matter with the President of said Commission.

Please accept [etc.] E. DE CARTIER

800.51 W 89 Jugoslavia/2

The Minister of the Kingdom of the Serbs, Croats and Slovenes (Grouitch) to the Secretary of State

P. No. 189 WASHINGTON, *May 25, 1922.*

SIR: With reference to my letter of May 11th, P No. 126,[19] I have the honor to inform your Excellency that my Government has appointed me to negotiate with the World War Foreign Debt Commission for the Settlement or Refunding of the obligations of the Royal Government arising out of the World War which are held by the United States, and in accordance with the Act of February 9, 1922, and the Resolution of the Commission of April 18, the text of which has recently been communicated by your Excellency to the Royal Government through the United States Minister in Belgrade.

[19] Not printed.

I wish to say that I am expecting very shortly specific instructions from my Government, on the receipt of which I will place myself at the disposition of the Commission. I will be very much obliged if you will communicate this information to the World War Foreign Debt Commission.[20]

I take [etc.] S. Y. Grouitch

800.51 W 89/2a : Telegram

The Secretary of State to the Ambassador in France (Herrick)

Washington, *June 3, 1922—10 a.m.*

Repeat following to Prague, Helsingfors, London, Budapest, Rome, Warsaw, and Bucharest:

"Reference Department's circular through Paris, dated April 21, noon, regarding World War Foreign Debt Commission. Report whether the Government to which you are accredited has appointed representatives, and when likely to arrive in Washington. It is desired that negotiations begin at an early date."

Hughes

800.51 W 89 Poland/3 : Telegram

The Minister in Poland (Gibson) to the Secretary of State

Warsaw, *June 9, 1922—6 p.m.*

[Received June 10—7:47 p.m.]

59. Department's June 3, 10 a.m. Foreign Office states Gliwic[21] instructed by the Minister of Finance on May 6 to represent Poland in the World War Foreign Debt Commission.

Gibson

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[20] See also the section under Yugoslavia entitled, "Acquiescence by the Department of State in a loan by American bankers to the Kingdom of the Serbs, Croats and Slovenes", vol. II, pp. 1002 ff.

[21] Hipolit Gliwic, commercial counselor of the Polish Legation at Washington.

800.51 W 89 Great Britain/c : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, *June 15, 1922—4 p.m.*

167. Reference Department's circular, through Paris, dated June 3, 10 a.m., regarding World War Foreign Debt Commission. It is the desire of the Commission to begin discussions with the British Government at the earliest possible date. You should, therefore, take the first opportunity to express informally to the Foreign Office the hope that the British Government may see its way to name the British representative at an early date and that it may be possible to proceed with the negotiations without delay.

HUGHES

800.51 W 89 France/10

The French Ambassador (Jusserand) to the Secretary of State

[Translation [23]]

WASHINGTON, *June 30, 1922.*

MR. SECRETARY OF STATE: With special reference to Your Excellency's note of April 22, last,[24] I have, by order of my Government, the honor to inform you that Mr. Parmentier, Director of the General Handling of Funds of the Ministry of Finance, has been commissioned to enter into relations with the American Commission on War Foreign Debts. He will shortly sail for the United States on board *La Savoie.*

He will be accompanied by Mr. Le Neveu, Secretary of Embassy, assigned for duty at the Ministry of Commerce.

Be pleased [etc.] JUSSERAND

P. S. I should be very thankful to the Department of State if you would kindly direct that the necessary steps be taken to facilitate the landing of these two French citizens sent on a mission to the United States. J.

800.51 W 89 Hungary/5 : Telegram

The Minister in Hungary (Brentano) to the Secretary of State

BUDAPEST, *July 1, 1922—9 a.m.*

[Received July 2—3 : 51 a.m.]

40. Your circular telegram dated April 21, noon. Hungarian Minister Foreign Affairs states Hungary will be represented on

[23] File translation revised.
[24] Not printed.

World War Foreign Debt Commission. Széchényi [25] representative, Pelényi [26] deputy.

BRENTANO

800.51 W 89 Finland/2 : Telegram

The Minister in Finland (Kagey) to the Secretary of State

HELSINGFORS, *July 6, 1922—6 p.m.*
[Received July 6—noon.]

13. Referring to the Department's circular through Paris, April 21, noon. Finnish Minister at Washington has been instructed to negotiate with World War Foreign Debt Commission.

KAGEY

800.51 W 89 Czechoslovakia/13

The Czechoslovak Legation to the Secretary of State

The Legation of the Czechoslovak Republic presents its compliments to The Honorable, The Secretary of State, and has the honor to inform that the Minister of Foreign Affairs of the Czechoslovak Republic has, for the period of the temporary absence of the Czechoslovak Minister to the United States, Dr. Bedřich Štěpánek named Dr. Alois Štangler, Counsellor of the Czechoslovak Legation in Washington, D. C., the representative of the Government of the Czechoslovak Republic in every eventual action of the United States Government in connection with the debts of the Czechoslovak Republic to the United States in the Foreign Debt Commission in the United States.

WASHINGTON, *July 8, 1922.*

800.51 W 89 Great Britain/8 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, *July 15, 1922—noon.*
[Received July 15—10 a.m.]

294. Yesterday in the House of Commons replying to Asquith, the Chancellor of the Exchequer quoted the British indebtedness

[25] Count László Széchényi, Hungarian Minister to the United States.
[26] John Pelényi, Hungarian Counselor of Legation at Washington.

to the United States at present rate of exchange as approximately £938,000,000. He stated:

"Our relation to the United States in the matter of the debt which we owe to that great country is engaging our attention at the present moment. I welcome and reciprocate the views which were expressed by the right honorable gentleman, the member for Paisley, that our debt to the United States of America is one of solemn obligation which undoubtedly we shall meet. There is no question about that and the request which the United States has made to us recently to consider the question of funding the debt and placing it upon a suitable and equitable foundation is one which will be completely met. There is no question of the attitude of the country on the matter."

HARVEY

800.51 W 89 Great Britain/6 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, *July 17, 1922—11 a.m.*

[Received July 17—7:20 a.m.]

295. The Embassy is officially informed by the Foreign Office that a special delegation will proceed to the United States early in September to negotiate terms for the funding of the British debt to the United States.

HARVEY

851.51/332

The French President of the Council and Minister of Foreign Affairs (Poincaré) to the Secretary of State

[Translation [27]]

PARIS, *July 19, 1922.*

[Received July 31.]

MR. SECRETARY OF STATE: The journey which the distinguished Ambassador of the United States at Paris is about to make to America furnishes me with the opportunity of addressing to you, by his kind favor, a personal word which he will be good enough to hand to you and which will express to you once again the unchangeable feelings of the Government of the French Republic.

Before, during, and since the war, I have already on several occasions, either as President of the Republic or as President of the Council and Minister for Foreign Affairs, given to your great country the assurance that France, faithful to its ancient friendship, will

[27] File translation revised.

always be happy to maintain with the United States the most frank and cordial relations. This policy is ours more than ever.

France came out sorely tried from a bloody conflict which she did everything to avoid and which ended by involving most of the civilized nations. In this long struggle, she was proud to uphold the cause which America herself embraced and which was that of human right. But the victory, however complete it was, has left France devastated and bending under the burden of a debt contracted in the cause of national defense.

Since the peace, France has done all in her power to improve this difficult situation. She has voted heavy taxes; she has reduced her military expenses in the full measure compatible with the exigencies of her security. But Germany having up to the present paid only insignificant sums for the reparation of the damages she caused, France has been obliged herself to pay for the reconstruction of destroyed towns and villages and she has already spent for this purpose 90,000,000,000 francs. This burden, which increases each day by reason of the immensity of unfinished restorations and Germany's delays, will end by overwhelming our finances, if we do not in the end obtain the execution of the obligations which were undertaken towards us.

It is true France is the creditor of several Allied countries on account of advances which she made to them during the war for the needs of the common cause, but these countries are not at the present time in a position to pay these off and we would be all the more scrupulous about pressing them since their debt arises from expenditures made in the general interest.

Under these circumstances, we who are debtors to the United States because of the prolonged efforts to which the war obliged us find ourselves, as to the present, absolutely unable to discharge our debt in the near future, and if any reduction of our credit with Germany were one day imposed on us by circumstances, the fatal consequence would be that the settlement of our own debt would involve France's ruin. This ruin would be disastrous for Europe and for the world; besides, it would be a scandalous revenge of the nations which have fought against our common ideal of liberty, and a defeat of the principles which we have defended together and which France has again endeavored to protect at Genoa and at The Hague.

I have full confidence that America will remain in agreement with us to avert such a catastrophe.

In any case, I beg you to believe in our constant determination to remain in entire accord of sentiment with the Government of President Harding and with you personally.

Please accept [etc.] R. POINCARÉ

800.51 W 89 Italy/9 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

ROME, *July 27, 1922—1 p.m.*
[Received 4:41 p.m.]

126. Department's 85, June 20, 5 p.m.[28] Foreign Office accepts proposal to send delegation to discuss war debts and requests Embassy to communicate most opportune time for arrival of delegates at Washington.

CHILD

800.51 W 89 Great Britain/28

The Ambassador in Great Britain (Harvey) to the Secretary of State

No. 1550 LONDON, *August 4, 1922.*
[Received August 14.]

SIR: Supplementary to my telegram No. 336 of August 4, 1 p.m.,[28] I have the honor to forward to you herewith the authentic text of the Balfour Note.

I have [etc.]

For the Ambassador:
POST WHEELER
Counselor of Embassy

[Enclosure]

The British Acting Secretary of State for Foreign Affairs (Balfour) to the French Ambassador in Great Britain (Saint-Aulaire)[29]

As Your Excellency is aware the general question of the French debt to this country has not as yet been the subject of any formal communication between the two governments, nor are His Majesty's Government anxious to raise it at the present moment. Recent events, however, leave them little choice in the matter, and they feel compelled to lay before the government their views on certain aspects of the situation created by the present condition of international indebtedness.

Speaking in general terms, the war debts, exclusive of interest, due to Great Britain at the present moment amount in the aggregate to about £3,400,000,000 of which Germany owes £1,450,000,000, Russia £650,000,000 and our Allies £1,300,000,000. On the other hand, Great Britain owes the United States about a quarter of this sum—say

[28] Not printed.

[29] The same note was sent, *mutatis mutandis*, to the Italian, Serbian, Rumanian, Portuguese, and Greek representatives in Great Britain.

£850,000,000 at par of exchange, together with interest accrued since 1919.

No international discussion has yet taken place on the unexampled situation partially disclosed by these figures: and, pending a settlement which would go to the root of the problem, His Majesty's Government have silently abstained from making any demands upon their allies, either for the payment of interest or the repayment of capital. But, if action in the matter has hitherto been deemed inopportune, this is not because His Majesty's Government either underrate the evils of the present state of affairs, or because they are reluctant to make large sacrifices to bring it to an end. On the contrary, they are prepared, if such a policy formed part of a satisfactory international settlement, to remit all the debts due to Great Britain by our allies in respect of loans, or by Germany in respect of reparations.

Recent events, however, make such a policy difficult of accomplishment. With the most perfect courtesy, and in the exercise of their undoubted rights, the American government have required this country to pay the interest accrued since 1919 on the Anglo-American debt, to convert it from an unfunded to a funded debt, and to repay it by a sinking fund in twenty-five years. Such a procedure is clearly in accordance with the original contract. His Majesty's Government make no complaint of it: they recognise their obligations and are prepared to fulfil them. But evidently they cannot do so without profoundly modifying the course which, in different circumstances, they would have wished to pursue. They cannot treat the repayment of the Anglo-American loan as if it were an isolated incident in which only the United States of America and Great Britain had any concern. It is but one of a connected series of transactions, in which this country appears sometimes as debtor, sometimes as creditor, and, if our undoubted obligations as a debtor are to be enforced, our not less undoubted rights as a creditor cannot be left wholly in abeyance.

His Majesty's Government do not conceal the fact that they adopt this change of policy with the greatest reluctance. It is true that Great Britain is owed more than it owes, and that, if all inter-allied war debts were paid, the British Treasury would, on balance, be a large gainer by the transaction. But can the present world situation be looked at only from this narrow financial standpoint? It is true that many of the allied and associated Powers are, as between each other, creditors, or debtors, or both. But they were, and are, much more. They were partners in the greatest international effort ever made in the cause of freedom; and they are still partners in dealing with some, at least, of its results. Their debts were incurred,

their loans were made, not for the separate advantage of particular States, but for a great purpose common to them all;—and that purpose has been, in the main, accomplished.

To generous minds it can never be agreeable, although, for reasons of State, it may perhaps be necessary to regard the monetary aspect of this great event as a thing apart, to be torn from its historical setting and treated as no more than an ordinary commercial dealing between traders who borrow and capitalists who lend. There are moreover reasons of a different order, to which I have already referred, which increase the distaste with which His Majesty's Government adopt so fundamental an alteration in method of dealing with loans to allies. The economic ills from which the world is suffering are due to many causes, moral and material, which are quite outside the scope of this despatch. But among them must certainly be reckoned the weight of international indebtedness, with all its unhappy effects upon credit and exchange, upon national production and international trade. The peoples of all countries long for a speedy return to the normal. But how can the normal be reached while conditions so abnormal are permitted to prevail? And how can these conditions be cured by any remedies that seem at present likely to be applied?

For evidently the policy hitherto pursued by this country of refusing to make demands upon its debtors, is only tolerable so long as it is generally accepted. It cannot be right that one partner in the common enterprise should recover all that she has lent, and that another, while recovering nothing, should be required to pay all that she has borrowed. Such a procedure is contrary to every principle of natural justice and cannot be expected to commend itself to the people of this country. They are suffering from an unparalleled burden of taxation, from an immense diminution in national wealth, from serious want of employment, and from the severe curtailment of useful expenditure. These evils are courageously borne. But were they to be increased by an arrangement which, however legitimate, is obviously one-sided, the British taxpayer would inevitably ask why he should be singled out to bear a burden which others are bound to share.

To such a question there can be but one answer, and I am convinced that allied opinion will admit its justice. But while His Majesty's Government are thus regretfully constrained to request the French government to make arrangements for dealing to the best of their ability with Anglo [*Anglo-French*] loans, they desire to explain that the amount of interest and repayment for which they ask depends not so much on what France and other allies owe to Great Britain as on what Great Britain has to pay America. The policy

favoured by His Majesty's Government is, as I have already observed, that of surrendering their share of German reparation, and writing off, through one great transaction, the whole body of inter-allied indebtedness. But, if this be found impossible of accomplishment, we wish it to be understood that we do not in any event desire to make a profit out of any less satisfactory arrangement. In no circumstances do we propose to ask more from our debtors than is necessary to pay our creditors. And, while we do not ask for more, all will admit that we can hardly be content with less. For it should not be forgotten, though it sometimes is, that our liabilities were incurred for others, not for ourselves. The food, the raw material, the munitions required by the immense naval and military efforts of Great Britain and half the £2,000,000,000 advanced to allies were provided not by means of foreign loans, but by internal borrowing and war taxation. Unfortunately a similar policy was beyond the power of other European nations. Appeal was therefore made to the government of the United States: and under the arrangement then arrived at the United States insisted, in substance if not in form, that, though our allies were to spend the money, it was only on our security that they were prepared to lend it. This co-operative effort was of infinite value to the common cause; but it cannot be said that the rôle assigned in it to this country was one of special privilege or advantage.

Before concluding I may be permitted to offer one further observation in order to make still clearer the spirit in which His Majesty's Government desire to deal with the thorny problem of international indebtedness.

In an earlier passage of this despatch I pointed out that this after all is not a question merely between allies. Ex-enemy countries also are involved; for the greatest of all international debtors is Germany. Now His Majesty's Government do not suggest that, either as a matter of justice or expediency, Germany should be relieved of her obligation to France or the other allied States. They speak only for Great Britain: and they content themselves with saying once again that, so deeply are they convinced of the economic injury inflicted on the world by the existing state of things that this country would be prepared (subject to the just claims of other parts of the Empire) to abandon all further right to German reparation and all claims to repayment by allies, provided that this renunciation formed part of a general plan by which this great problem could be dealt with as a whole and find a satisfactory solution. A general settlement would, in their view, be of more value to mankind, than any gains that could accrue even from the most successful enforcement of legal obligations.

[London,] *August 1, 1922.*

462.00 R 29/1893 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, *August 4, 1922—3 p.m.*
[Received August 4—2:20 p.m.]

338. Features of yesterday's debate in Commons on reparations and Balfour's note were an attack by Asquith on the Government's policy, a defense by the Prime Minister and a comprehensive statement by the Chancellor of the Exchequer on the reparations question, the moratorium request, conditions in Germany and inter-Allied indebtedness. The disposition appears to be constantly to consider favorably the contents of the note as a plain statement of fact, though its form was unfortunate, and general opinion here among business interests and newspaper comment whole-heartedly supports the Government's reparation program. In the course of his statement, which is praised by all but Labor organs, Horne said:

"I wish to make it clear beyond all possibility of misapprehension that we realize and recognize to the full our obligations to pay our debt to the United States of America. We do not mean to evade that obligation and we are sending a delegation to America this autumn for the express purpose of discussing the arrangements which have been made for the funding of our debt. In fact the whole foundation of the note which has been issued by the Acting Foreign Secretary, is the obligation of payment of our debt to the United States."

After a comparison of the debts of Great Britain, France and the United States and indebtedness per head of population he closed his speech as follows:

"In the circumstances it is impossible to ask the British taxpayer alone to shoulder the burden of the payment of our war debts. Whatever our wishes in other circumstances might have been we have got to face facts and adjust ourselves to realities. We must turn our backs upon things which perhaps all the world was waiting for, reflecting that if only it had been possible that the nations who fought in the war side by side, who shared the same privations, faced the same trials, endured the same agonies and the same losses, had been willing to regard their subscriptions to cost of the war as contributions to our common success we might have been able to rid the world of many occasions of irritation and plant in the heart of humanity a new and inspiring hope."

HARVEY

800.51 W 89 Italy/9 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, *August 4, 1922—5 p.m.*

117. Your 126, July 27, 1 p. m.

Please inform Foreign Office that the most opportune time for arrival Italian delegates at Washington would be about the middle of October, 1922.[31]

HUGHES

800.51 W 89 Lithuania/1

The Secretary of State to the Commissioner at Riga (Young)

No. 271 WASHINGTON, *August 8, 1922.*

SIR: Now that recognition has been extended to the Governments of Esthonia, Latvia, and Lithuania, it is deemed advisable to inform those governments that the World War Foreign Debt Commission has been created for the purpose of negotiating with the governments indebted to the United States in regard to the refunding and settlement of their indebtedness. Accordingly you are instructed to communicate to each of the three governments the text of the following resolution adopted by the World War Foreign Debt Commission on April 18, 1922.

[Here follows text of resolution quoted in letter from the Secretary of the World War Foreign Debt Commission, April 18, printed on page 397.]

At the same time you should communicate the text of the law of February 9, 1922, creating the above-mentioned Commission.[32] Four copies of this law are transmitted herewith. In your note you should add the following statement:

"Pursuant to the terms of the foregoing resolution, and under instructions from my Government, I have the honor to inform you that the Commission desires to receive any proposals or representations which the Government of (here insert name of government addressed) may wish to make for the settlement or refunding of its obligations under the provisions of the Act."

It is probable that these governments will desire to send financial representatives to Washington for the purpose of dealing directly with the Commission. If so, the Department would desire to be informed by telegraph of the personnel of such representation and when it is likely to arrive. You may make informal inquiries on

[31] The Italian Government did not open negotiations with the World War Foreign Debt Commission until 1925; see *Combined Annual Reports of the World War Foreign Debt Commission*, 1922–1926 (Washington, Government Printing Office, 1927), pp. 14, 27, 48–50.

[32] 42 Stat. 363.

this point and in your discretion suggest that it would be agreeable to this government if negotiations were to begin at an early date; also that it is contemplated that representatives of foreign governments may negotiate directly with the Commission. You are instructed to inform the Department by cable when you have presented to the respective governments the notes called for by the present instruction. It is believed advisable that the three notes be presented at the same time unless there should appear to be special circumstances not known to the Department for pursuing a different course. In the latter event, if you should deem it advisable to present the notes at different times, you are instructed to submit your recommendations in the matter to the Department by telegraph before taking action.

This Government, of course, is anxious to avoid giving the impression that these governments were recognized so that it would be possible to negotiate with them regarding their indebtedness to the United States. Accordingly, you are authorized in your discretion to withhold addressing to the respective governments the communications called for by the present instruction for a brief period, if in your judgment such action should appear expedient.

I am [etc.]

For the Secretary of State:
LELAND HARRISON

851.51/332

The Secretary of State to the French President of the Council and Minister of Foreign Affairs (Poincaré)

WASHINGTON, *August 23, 1922.*

MR. PRESIDENT OF THE COUNCIL: Mr. Herrick did not fail to deliver into my hands your letter of July 19, last. The fact that you had written me in this personal manner has afforded me the greatest satisfaction. Permit me to express my deep appreciation of your most friendly sentiments, which I heartily reciprocate, and to assure you of my keen and sympathetic interest in the matters which we both have so much at heart.

I have been struck with what you have so frankly stated respecting the heavy financial burdens which have now to be met by your Treasury in order to satisfy the pressing needs of reconstruction, and the fact that the receipts which were expected to furnish an offset to these heavy charges have been forthcoming only in part. The situation of your Treasury in this respect has been set before the World War Foreign Debt Commission by Mr. Parmentier and you may rest assured that it will receive within the limitations of their authority, every consideration in the most friendly and helpful spirit by the Commission.

Permit me to express the hope and confidence that the severe exigency with which France is confronted will be met in such a manner as to afford to France that ultimate and abiding security which will flow from a reasonable and practical solution consistent with the economic recuperation of Europe and the conservation of peace upon which the welfare not only of Europe but of the whole world must depend. I am mindful of the difficulties which beset any possible course, but I am constrained to believe that the path to this full economic recovery through an early and practicable settlement is the one which alone can lead to the prosperity which the friends of France so much desire for her as well as to the greatest benefit of all the peoples concerned. To this end I shall be happy to render all proper assistance.

Please accept [etc.] CHARLES E. HUGHES

800.51 W 89/17a

Statement Issued to the Press by the Secretary of the Treasury (Mellon), August 24, 1922

A number of inquiries have been received, as a result of statements recently published, with respect to the exact status of the obligations of foreign governments held by the United States. Especial attention has been directed to the origin of the indebtedness of the British Government amounting to about $4,135,000,000. It has been said that this liability was not incurred for the British Government but for the other Allies, and that the United States, in making the original arrangements, had insisted in substance that though the other Allies were to use the money borrowed, it was only on British security that the United States was prepared to lend it. It is apparent from the inquiries which have reached the Treasury Department that it is supposed that this, in substance, is the explanation of the existing indebtedness of Great Britain.

In answer to these inquiries, it should be said that the obligations of foreign governments, in question, had their origin almost entirely in purchases made in the United States, and the advances by the United States Government were for the purpose of covering payments for these purchases by the Allies.

The statement that the United States Government virtually insisted upon a guarantee by the British Government of amounts advanced to the other Allies is evidently based upon a misapprehension. Instead of insisting upon a guarantee, or any transaction of that nature, the United States Government took the position that it would make advances to each Government to cover the purchases

made by that Government and would not require any Government to give obligations for advances made to cover the purchases of any other Government. Thus, the advances to the British Government, evidenced by its obligations, were made to cover its own purchases, and advances were made to the other Allies to cover their purchases.

The nature of the arrangements is shown by a memorandum which the Secretary of the Treasury, in June 1918, handed to the British Ambassador, as follows:

"So far as the purchases of the Allied Governments for war purposes within the United States and its territories and insular possessions are concerned it is the expectation of the Secretary of the Treasury to continue as heretofore the advances necessary to enable the financing of such approved purchases. The Secretary of the Treasury quite agrees with what he understands to be the views of the Chancellor of the Exchequer that advances shall be made to each Allied Government for the commodities purchased in the United States by or for it and that no Allied Government should be required to give its obligations for such purposes when merely serving as a conduit for the supply of the materials so purchased to another Allied Government. Any other course would indeed be incompatible with what the Secretary of the Treasury deems a cardinal principle which should be followed in respect to such advances, namely, that the Allied Government for the use of which the commodity is purchased must give its own obligation therefor and the obligation of any other Allied Government can not be accepted by the United States as an equivalent."

It is well to further quote from a memorandum handed to the British Ambassador in June, 1920 by the Secretary of the Treasury, in regard to these loans as follows:

"It has been at all times the view of the United States Treasury that questions regarding the indebtedness of the Government of the United Kingdom of Great Britain and Ireland to the United States Government and the funding of such indebtedness had no relation either to questions arising concerning the war loans of the United States and of the United Kingdom to other Governments or to questions regarding the reparation payments of the Central Empires of Europe. These views were expressed to the representatives of the British Treasury constantly during the period when the United States Government was making loans to the Government of the United Kingdom and since that time in Washington, in Paris and in London."

From these two statements, it appears to be quite clear that the respective borrowing nations each gave their own obligations for the money advanced by the United States and that no guarantee of the obligations of one borrowing nation was asked from any other nation. This is the understanding of the Treasury as to the status of the foreign obligations growing out of the war, now held by the United States.

800.51 W 89 Great Britain/52

The British Ambassador (Geddes) to the Secretary of State

No. 740 WASHINGTON, *September 28, 1922.*

SIR: With reference to the Aide Memoire left by Mr. Chilton at the Department of State on March 18th, 1922,[33] I have the honour to inform you that the British Delegation which is coming to the United States for the purpose of negotiations with the Debt Funding Commission will sail on the White Star S. S. *Majestic* on October 18th for New York and will be headed by the Right Honourable Sir Robert S. Horne, P.C., G.B.E., Chancellor of the Exchequer.

Sir Robert Horne will be accompanied by a second delegate whose name is to be communicated later, by his private secretary Mr. P. J. Grigg, by Mr. Rowe-Dutton of His Majesty's Treasury, and by Mr. Elphick as Treasurer of the mission. The party will also include one messenger and a personal servant.

I should be most grateful if the party could be afforded the customary facilities on their arrival at New York on or about October 24th.

I may add that the party will bring a small quantity of alcohol (probably one case) and I should be grateful if the necessary instructions could be issued to secure free entry for this as part of their personal baggage.

I have [etc.] A. C. GEDDES

800.51 W 89 Roumania/17

The Rumanian Chargé (Nano) to the Secretary of State

The Roumanian Chargé d'Affaires *ad interim* presents his compliments to the Secretary of State and pursuant to his note of October 18th, No. 4415/2,[34] has the honor to state that his Government has designated Mr. Eftimie Antonesco, counsellor of the Roumanian Supreme Court (Cour de Cassation), formerly technical delegate to the Paris Conference and the conferences of Vienna and Rome, and Mr. Antoniade, formerly Secretary General of the Ministry of Justice and now president of the Commission for the Consolidation of Treasury Bonds in Paris, to conduct the proposed negotiations concerning the indebtedness of Roumania to the United States, and that they will shortly proceed to Washington.

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[33] *Ante*, p. 396.
[34] Not printed.

It appears, therefore, that Mr. Filitti's appointment has been cancelled.[35]

WASHINGTON, *October 20, 1922.*
No. 4446/2.

800.51 W 89 Jugoslavia/9

The Minister of the Kingdom of the Serbs, Croats and Slovenes (Pavichich) to the Secretary of State

WASHINGTON, *October 25, 1922.*

SIR: I have the honor to request that you be good enough to have the World War Foreign Debt Commission informed that the Government of the Kingdom of the Serbs, Croats and Slovenes has authorized me to act in the place of former Minister Grouitch in the negotiations for the settlement or refunding of its obligations.

I take [etc.] A. TRESICH PAVICHICH

800.51 W 89 Lithuania/6 : Telegram

The Commissioner at Riga (Young) to the Secretary of State

RIGA, *November 1, 1922—5 p.m.*
[Received November 1—3:35 p.m.]

193. Department's instruction 271, August 8th. Notes to three governments presented today.

YOUNG

800.51 W 89 Latvia/3

The Secretary of the World War Foreign Debt Commission (Wadsworth) to the Secretary of State

WASHINGTON, *December 1, 1922.*

MY DEAR MR. SECRETARY: I am enclosing herewith for your information a memorandum of an interview with Mr. Charles Louis Seya, Chargé d'Affaires of the Latvian Legation in Washington.[36]

Pursuant to action taken at the meeting of the Commission on November 22, 1922, Mr. Seya has been notified that his suggestion as to the postponement of the negotiations between his government and the Commission until January 1, 1923, meets with the approval of the Commission.

Very truly yours,

ELIOT WADSWORTH

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[35] The Rumanian Chargé in his note of Oct. 18 had stated that Mr. Filitti had been designated to conduct the debt negotiations.

[36] Not printed.

800.51 W 89 Great Britain/69

The British Ambassador (Geddes) to the Secretary of State

No. 947 WASHINGTON, *December 19, 1922.*

SIR: I had the honour to inform you on the 8th ultimo that it would be necessary for His Majesty's Government to postpone, until after December 25th, the despatch to this country of the British delegation which is to proceed here to open negotiations with the Debt Funding Commission of the United States. I am now in receipt of information from my Government to the effect that the British mission will leave on the S. S. *Majestic* on the 27th instant, arriving at New York about the 2nd of January next.

The delegation will be composed as follows:

The Right Honourable Stanley Baldwin, P.C., M.P., Chancellor of the Exchequer,
Mr. Montagu Norman, Governor of the Bank of England,
Mr. P. J. Grigg, Private Secretary to the Chancellor of the Exchequer,
Mr. E. Rowe-Dutton, of His Majesty's Treasury,
Mr. Loring Christie, Legal Adviser to the Department of External Affairs, Ottawa, Canada.

Mr. Baldwin will be accompanied by Mrs. Baldwin and Miss Baldwin, and Mr. Grigg will be accompanied by Mrs. Grigg.

I have [etc.] A. C. GEDDES

[For further information regarding debt negotiations, see *Combined Annual Reports of the World War Foreign Debt Commission*, 1922–1926 (Washington, Government Printing Office, 1927).]

AGREEMENT SIGNED BY THE PRESIDENTS OF NICARAGUA, HONDURAS, AND SALVADOR AUGUST 20, 1922, ON BOARD THE U. S. S. "TACOMA" IN FONSECA BAY

813.00 Tacoma/–: Telegram

The Minister in Nicaragua (Ramer) to the Secretary of State

MANAGUA, *July 25, 1922—5 p. m.*

[Received 10:40 p. m.]

39. Legation's 37 July 21 [*22*], 10 a. m.[37] Foreign Minister to-day proposed conference between Presidents of Honduras and Nicaragua and American Ministers to each to discuss border and inter-revolutionary difficulties, requested permission hold conference on board American warship at Corinto probably United States Ship *Tacoma*

[37] Vol. II, p. 571.

expected August 17th to 24th; states that both Presidents have approved informally. I approved explicitly subject to Department's instructions and Government now going forward with plans for conference.

RAMER

813.00 Tacoma/–: Telegram

The Secretary of State to the Minister in Nicaragua (Ramer)

WASHINGTON, *July 31, 1922—5 p. m.*

27. Your 39, July 25, 5 p. m.

The Department feels that border and interrevolutionary difficulties could have been prevented by a compliance with the terms of the 1907 Treaties,[38] and Article 1 of the Agreement signed at Amapala on November 17, 1920, by the Presidents of Nicaragua and Honduras.[39] However, should both Presidents feel that practical and enduring results may be achieved by reason of a further direct conversation between them, this Government will gladly place a war vessel at their disposal as a neutral meeting ground, and will also be glad to have the American Ministers to Nicaragua and Honduras present as observers, and to offer their good offices, if requested, with a view to tranquillizing the situation in Central America.

The Department is communicating the contents of your telegram to the Legation at Honduras[40] for information as to the views of that Government, and will instruct you further when the attitude of the Honduranean authorities is known. Keep Department and Legation at Honduras fully informed of any further developments.

HUGHES

813.00 Tacoma/–: Telegram

The Minister in Honduras (Morales) to the Secretary of State

TEGUCIGALPA, *August 1, 1922—2 p. m.*

[Received August 2—9:35 a. m.]

61. Referring to the Department's telegram of July 31, 5 p. m.[41] The President of Honduras greatly appreciates the opportunity of conferring with the President of Nicaragua over border and interrevolutionary difficulties on board the *Tacoma* and accepts the proposition of the Minister for Foreign Affairs of Nicaragua. He also considers a conference absolutely essential at this time and requests an early date for the arrival of the *Tacoma*.

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[38] *Foreign Relations*, 1907, pt. 2, pp. 692 ff.
[39] *Ibid.*, 1920, vol. I, p. 323.
[40] In telegram no. 24, July 31, 1922; not printed.
[41] Not printed; see last paragraph of telegram to Nicaragua, *supra*.

Owing to a law prohibiting the absence of the President from the country without the consent of Congress he suggests that the conference be held at some point in the Gulf of Fonseca considered as Honduranean and Nicaraguan waters. As the revolutionary movement in Salvador against the Government of Honduras seems to be gaining strength I suggest that representations be made to the President of Salvador to participate in this conference. Repeated to American Legation Managua.

MORALES

813.00 Tacoma/–: Telegram

The Minister in Nicaragua (Ramer) to the Secretary of State

MANAGUA, *August 3, 1922—9 a. m.*

[Received 3:25 p. m.]

40. Morales' 61, August 1, 2 p. m. to the Department. Nicaraguan Government agrees to Gulf of Fonseca as meeting place for conference and is ready to go at the Department's convenience. I suggest that the *Tacoma* call first at Corinto for Nicaraguan delegation.

RAMER

813.00 Tacoma/–: Telegram

The Secretary of State to the Minister in Salvador (Schuyler)

WASHINGTON, *August 12, 1922—11 a. m.*

39. It was recently suggested by Nicaraguan Government that conference be held between Presidents of Nicaragua and Honduras aboard American battleship to discuss border and inter-revolutionary difficulties. Department has secured consent of both Presidents to inclusion of President Melendez in conference.[42] You will accordingly invite President Melendez to take part in the conference to be held, if possible, during the coming week aboard the *Tacoma* in Fonseca Bay. You and the Ministers in Honduras and Nicaragua will also be present. Present plans are for *Tacoma* to proceed to Corinto take aboard President Chamorro and proceed to some point between Amapala and La Union readily accessible to both ports. Arrangements being made by Legation Managua. You should inform it as well as Department of President's acceptance. The Department expects Salvadorean Government will maintain quiet and order until the conference takes place.

HUGHES

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[42] Telegrams not printed.

813.00 Tacoma/–: Telegram

The Minister in Salvador (Schuyler) to the Secretary of State

[Extract]

SAN SALVADOR, *August 14, 1922—10 a. m.*
[Received 8:30 p. m.]

78. I had a long talk with the President yesterday and he assured me of his [acceptance] in principle of the invitation to the proposed conference if it could be postponed long enough to make it possible and prudent for him to attend. His departure from this capital just now even if possible under the existing political situation, which it is not, would cause wild reports of his flight and refuge on a United States ship especially if I accompanied him. This should be avoided for conditions here are delicate. . . .

SCHUYLER

813.00 Tacoma/–: Telegram

The Secretary of State to the Minister in Salvador (Schuyler)

WASHINGTON, *August 15, 1922—5 p.m.*

40. Your telegrams 77 [43] and 78, August 13, 2 p.m., and August 14, 10 a.m.

As you were informed in the Department's telegraphic instruction of August 12, 11 a.m., the Nicaraguan Government suggested the proposed conference, and the suggestion was immediately accepted by the President of Honduras. The Department feels that the conference should take place at the earliest possible moment, and the Department understands that the *Tacoma* is now at Amapala. The Department, of course, does not wish any revolutionary disturbances in any of the countries, but perceives no reason why President Melendez's participation in the conference proposed could be interpreted as flight and refuge on a United States ship if it is known that the conference takes place on the invitation of the United States, and you are accordingly authorized to make public the fact that the United States has invited the three Presidents to participate in a conference in Fonseca Bay. The Department is informing all countries concerned that it expects them to maintain quiet and order during the conference.

If, after the announcement by you of the conference, you still have reason to believe that there will be internal political disorders in Salvador, immediately communicate your views to the Department,

[43] Not printed.

especially as to whether you think an announcement by the Department, through your Legation, to the effect that it hopes the coming conference will be productive of results for the peace of Central America, and will look with displeasure and disapproval upon any revolutionary movements which may take place during the course of that conference, would be helpful in stabilizing the situation so as to permit the attendance of the President at the proposed conference.

HUGHES

813.00 Tacoma/–: Telegram

The Minister in Salvador (Schuyler) to the Secretary of State

SAN SALVADOR, *August 16, 1922—6 p.m.*
[Received 8:30 p.m.]

79. I expect to have the notice of the invitation of the three Presidents to the conference published in the local press this evening. I have received nothing from Managua regarding the date but a telegram from Tegucigalpa states that President of Nicaragua desires conference on the 19th and that this date is agreeable to the President of Honduras. I have accordingly asked the President of Salvador for that date and he has accepted provided nothing serious occurs to prevent. We shall leave this city by special train Friday morning and hope to sleep on the *Tacoma* that night.

Above repeated to Legations at Tegucigalpa and Managua.

SCHUYLER

813.00 Tacoma/–: Telegram

The Ministers in Honduras, Nicaragua, and Salvador to the Secretary of State

[Extract]

ON BOARD THE U. S. S. "TACOMA",
August 20, 1922—10 p. m.
[Received August 24—10:30 a. m.]

After full discussion conference this afternoon agreed to and signed convention of preamble and eight articles.

[Here follows a summary of the agreement, the signed text of which is printed *infra*.]

The treaty was signed by the three Presidents, the three Ministers for Foreign Affairs and by the three American Ministers as witnesses. The Legation in Tegucigalpa is forwarding full text and translation by next mail. The invitations to adhere were sent out

by wireless to-day to Guatemala and Costa Rica and a telegram of thanks for the *Tacoma* was sent to President Harding signed by the three Presidents.

MORALES
RAMER
SCHUYLER

813.00 Tacoma/–

Agreement between the Presidents of Honduras, Salvador, and Nicaragua, Signed August 20, 1922, on Board the U. S. S. "Tacoma" [44]

[Translation [45]]

In the waters of the Gulf of Fonseca, aboard the *Tacoma*, a war vessel of the United States of America, on the 20th day of the month of August of the year 1922, the undersigned Presidents of Republics: Of Honduras, His Excellency Señor don Rafael López Gutiérrez; of Salvador, His Excellency Señor don Jorge Meléndez; and of Nicaragua, His Excellency Señor don Diego Manuel Chamorro, who have assembled in this conference moved by the desire to seek the most efficacious friendly means to remove all of the causes which may have caused the unrest which has disturbed Central America in recent years, after a frank discussion of all matters relating to the political conditions in the three countries and to their other vital interests; in the presence of Their Excellencies: the Honorable Franklin E. Morales, Minister of the United States of America to Honduras; the Honorable Montgomery Schuyler, Minister of the United States of America to Salvador; the Honorable John E. Ramer, Minister of the United States of America to Nicaragua, who on this occasion represent the Government of the United States of America, in evidence of the deep interest felt by that friendly Republic in having the lofty aims of this convention attained so as to cement actual and lasting peace,

AGREED:

First.—In view of the differences of opinion which have arisen as to the General Treaty of Peace and Amity signed in Washington by the five Republics of Central America on December 20, 1907,[46] being in force, and pending a revision of that said Treaty, they

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[44] Transmitted to the Department by the Minister in Honduras in his despatch no. 160, Aug. 23.

[45] File translation replaced by translation printed in *Conference on Central American Affairs, Washington, December 4, 1922–February 7, 1923* (Washington, Government Printing Office, 1923), p. 6.

[46] Text of treaty printed in *Foreign Relations*, 1907, pt. 2, p. 692; for correspondence relating to the question whether the treaty was still in force, see *ibid.*, 1920, vol. I, pp. 168 ff.

declare that beginning from this date, the three States over which they preside shall regard the said Treaty as being in force in everything that affects the relations maintained by the three Republics.

Second.—The three Presidents promise one another not to permit the political refugees from any one of the Republics to prepare in the territory of the others any armed invasion whatsoever of the other contracting States or to threaten the public peace in any other manner; and for that purpose they agree to apply rigorously Article XVI of the General Treaty of Peace and Amity mentioned in the preceding clause, binding themselves also to guard their respective frontiers in order to prevent the said invasions.

Third.—In case that any one of the States should be actually invaded from one of the other two signatories of this Convention, the Government of the State in whose territory the invasion was prepared shall be obligated immediately to send forces to the disturbed frontier for the purpose of cooperating within its territory to the reestablishment of normal conditions, and to that end shall capture and disarm the offenders to whom Clause XVII of the General Treaty of Peace and Amity above mentioned shall be rigorously applied. They undertake, also, without any other restrictions than those flowing from the constitutions of the respective countries, to expel from their territory, in case of such invasions, the guilty leaders of the invasions, provided it be requested by the Government of the Republic which may be invaded. It is understood that this provision shall be applied even to invasions which may have taken place previously in any one of the three Republics and caused the unrest which has brought about this conference.

Fourth.—The three signatory Presidents agree not to accept in the armies of their respective Governments the political refugees of any of the other Republics, nor to appoint them to any office that may carry military authority. They assume the same obligation with respect to the nationals of the three Republics or other individuals who may have incited invasions even though they may not be political refugees. If the State's own nationals are involved, the guilt must be proved in a satisfactory manner by the offended Government, in order to obligate the others.

Fifth.—The three signatory Presidents desiring further to promote *rapprochement* between those countries in the sense of a practicable way which may lead to the ideal of the Central American Union, cherished by all three, will call a conference to be attended by the respective plenipotentiaries of the five Governments of Central America for the purpose of deciding upon measures, such as free trade, unification of currency, unification of the tariff systems, ways of communication and other measures guaranteed by treaties aiming

to draw them closer to one another, which would tend to make really practicable, in a future thus prepared, the political unification of Central America. For that purpose the month of December next is fixed for a preliminary conference, the object of which will be to determine what form studies made in each country shall take relative to the realization of the above-mentioned measures. The place where this preliminary conference will be held shall be decided upon by agreement made among the Foreign Offices of the Central American Republics. The purposes of this conference shall not be modified except by unanimous consent of the contracting parties.

Sixth.—The Presidents of Nicaragua and Salvador agree to endeavor to secure from their respective Governments the granting of free trade in the natural products of their respective States and also in goods therein manufactured from their own raw materials. Whatever may be accomplished on this point shall be by way of experiment and an effort will be made to establish the system of free trade on January 1st of the coming year 1923 for a period of one year.

Seventh.—Actuated always by the same spirit of concord which has inspired this Convention and in order to make effective their purpose of maintaining peace in Central America, putting aside all differences of opinion which might turn into keen causes of trouble, the signatory Presidents agree to submit to arbitration all disputes now existing, or which may arise among the signatory Republics, over boundary questions, the interpretation of treaties, and any other matters which may give or have given rise to discussions or dissension among them. The preliminary conference of the plenipotentiaries referred to in Clause V shall establish the form and organization of the arbitration. The boundary question between Honduras and Nicaragua [48] is excepted from the stipulations contained in this clause, each one of the interested parties reserving the right to maintain the legal position it has thus far maintained.

Eighth.—In their desire that the benefits of assured peace which may be derived from this conference shall extend to all of Central America the three contracting Presidents shall invite the Presidents of the Republics of Costa Rica and Guatemala to adhere to this Convention. The mere notice from either one of the two Presidents referred to, of Costa Rica and Guatemala, that he has accepted this Convention shall be held sufficient to make him a signer of and party to it.

As recording the whole covenant they now sign six identical copies with the assistance of their respective Secretaries of State for

[48] For papers relating to this subject, see pp. 443 ff.

Foreign Affairs and in company with Their Excellencies the Ministers of the United States of America to Nicaragua, Salvador and Honduras above named.

R. López G.
Jorge Meléndez
Diego M. Chamorro
Franklin E. Morales
Montgomery Schuyler
John E. Ramer
F. Bueso
Arturo R. Avila
Carlos Cuadra Pasos

813.00 Tacoma/–: Telegram

The Minister in Costa Rica (Davis) to the Secretary of State

San José, *August 23, 1922—10 a. m.*
[Received 3 p. m.]

44. Message to President Acosta from three Presidents participating in conference aboard United States Ship *Tacoma* states they have signed agreement in which is clause asking Costa Rica to adhere. Uncertainty as to contents of agreement and fact that conference was held and agreement reached to which Costa Rica is asked to subscribe without having been previously informed seriously complicates the situation here. Lack of information seriously handicaps and embarrasses this Legation.

Davis

813.00 Tacoma/–: Telegram

The Acting Secretary of State to the Minister in Nicaragua (Ramer)[49]

Washington, *August 25, 1922—3 p. m.*

33. You will transmit to President Chamorro the following message from the President:

"It is with great satisfaction and gratification that I learn that Your Excellency was enabled by the meeting on board the U. S. S. *Tacoma* to arrive at an agreement with the Presidents of El Salvador and Honduras with a view to maintaining amicable fraternal relations of good will and peace among your countries. It was a great pleasure to be able to assist this conference in any way, and I

[49] The same, *mutatis mutandis*, to the Ministers in Honduras (no. 31) and Salvador (no. 42).

assure you of the continued interest of the United States Government and people, as well as my own personal interest in the welfare of your country. Warren G. Harding."

PHILLIPS

813.00 Tacoma/–: Telegram

The Minister in Costa Rica (Davis) to the Acting Secretary of State

SAN JOSÉ, *September 10, 1922—4 p. m.*

[Received September 11—10:30 a.m.]

50. President Acosta has replied to invitation to subscribe to *Tacoma* agreement as follows:

"Giving ear to public opinion set forth in the daily papers of the country as well as the opinion of the members of the Cabinet and after a calm and careful analysis the Government over which I preside appreciates the honorable invitation but it abstains definitely from subscribing to the said agreement since it considers that on the part of Costa Rica the terms of the General Treaty of Peace and Amity celebrated in Washington in 1907 which this Government does not intend to denounce are sufficient.

"The occasion is opportune to express to Your Excellency that the Costa Rican Government and people fervently desire that the agreement signed on the *Tacoma* adjust forever the differences which gave origin to it and those which may arise in the future and that an era of peace and harmony benefit with its favors in [*these*] sister republics."

DAVIS

813.00 Tacoma/1

The Chargé in Salvador (Hewes) to the Secretary of State

No. 211 SAN SALVADOR, *September 25, 1922.*

[Received October 13.]

SIR: I have the honor to refer to my despatch No. 194 of August 31st last[50] with which there were enclosed a copy and translation of an identic note of the Acting Minister of Foreign Affairs to the Government[s] of Costa Rica and Guatemala inviting them to adhere to the *Tacoma* Convention signed by El Salvador, Honduras, and Nicaragua on August 20th.

Under date of the 22nd instant, Doctor Avila[51] sent me a copy of the reply of the Minister of Foreign Affairs of Guatemala to the

[50] Not printed.

[51] Arturo R. Avila, Salvadoran Acting Minister of Foreign Affairs.

invitation, in which he merely expresses the thanks of his Government to that of El Salvador for sending it the text of the *Tacoma* Convention and states that this important document will be given its fullest consideration.

I have [etc.] CLARENCE B. HEWES

813.00 Tacoma/–: Telegram

The Minister in Guatemala (Geissler) to the Secretary of State

GUATEMALA, *October 4, 1922—6 p. m.*
[Received October 5—1:48 p.m.]

84. Secretary of State for Foreign Affairs of Guatemala telegraphed to-day to Presidents of Salvador, Honduras and Nicaragua stating that Guatemala has not ceased to comply with the treaty of 1907 and has not denounced it but is disposed to carry out the provisions of the treaties of Washington and will second any initiation of other Central American countries to facilitate defense of the States and reconstruction of the Nation. The telegram does not mention proposed December conference. Text in to-day's mail,[52] also reasons given to me by Secretary of State for Foreign Affairs.

GEISSLER

CONFERENCE ON CENTRAL AMERICAN AFFAIRS, CONVENED AT WASHINGTON DECEMBER 4, 1922

813.00 Washington/3: Telegram

The Chargé in Salvador (Hewes) to the Secretary of State

SAN SALVADOR, *October 11, 1922—5 p.m.*
[Received 10 p.m.]

98. My 97, October 9, 12 m.[52] The Acting Minister for Foreign Affairs called on me this afternoon at the request of the President and expressed the hope that the Department would invite the December preliminary conference [53] to meet in Washington. This Government also earnestly desires the participation of Guatemala and Costa Rica in the conference. Repeated to the Legations at Guatemala City, Tegucigalpa, Managua and San José.

HEWES

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[52] Not printed.

[53] By the terms of art. 5 of the *Tacoma* agreement of Aug. 20, 1922, printed on p. 422, the Presidents of Honduras, Salvador, and Nicaragua agreed to call, in December, a "preliminary conference" to arrange for studies for a Central American Conference regarding free trade, unification of currency, etc.

813.00 Washington/5 : Telegram

The Minister in Nicaragua (Ramer) to the Secretary of State

MANAGUA, *October 13, 1922—4 p.m.*
[Received October 14—3:55 p.m.]

53. It is my impression after an interview with the President today that an invitation from the Secretary of State for the December conference under recent *Tacoma* agreement to be held in Washington would be gladly accepted.

RAMER

813.00 Washington/7 : Telegram

The Chargé in Honduras (Smith) to the Secretary of State

TEGUCIGALPA, *October 18, 1922—noon.*
[Received October 19—12:20 p.m.]

80. The Minister for Foreign Affairs informed me this morning that the Honduranean Government would be pleased to have the Government of the United States send invitations to the Central American States to attend the conference referred to in article 5 of the *Tacoma* agreement. The conference to be held in December at Washington.

SMITH

813.00 Washington/8a

The Secretary of State to President Harding

WASHINGTON, *October 21, 1922.*

MY DEAR MR. PRESIDENT: The conditions existing in the countries of Central America for some time have made it appear advisable for the United States Government to take some steps looking to the establishment of more peaceful and stable relations among them.

An important step in this direction was the conference on board the U. S. S. *Tacoma* on August 20, last.[55] An agreement was signed by the Presidents of Nicaragua, Honduras and El Salvador which for the time being brought about better relations, but something more definite is needed to make permanent the gains already made and to accomplish other needed reforms. In the agreement it was stated that a further conference would be called in December to go into the general Central American situation more fully, and it was contemplated that Guatemala and Costa Rica, which were invited

[55] See pp. 417 ff.

to adhere to the *Tacoma* agreement, would be included in the next conference.

The matter of convoking a conference in Washington of the Central American powers, on similar lines to the one held here in 1907,[56] has been before the consideration of the Department for some time and the steps taken on board the *Tacoma* have seemed to indicate that such would be the proper course. During the last week, moreover, the Governments of Nicaragua and El Salvador have suggested, the former through its Minister in Washington and the latter through the American Legation in San Salvador, that it would be most advantageous should such a conference now be called by the United States Government, as it is felt that there will be more likelihood that Guatemala and Costa Rica would accept should the invitation come from the Government of the United States. It would appear, therefore, that the present is an auspicious time to issue invitations for such a conference, and I enclose herewith a memorandum[57] briefly reviewing the general Central American situation for the last few years, together with an account of the present situation and the objects which should be sought at the proposed conference, together with a draft of an invitation[58] to the five Central American countries to a conference to be held in Washington on December 4th, should you approve.

I am [etc.] CHARLES E. HUGHES

813.00 Washington/13

President Harding to the Secretary of State

WASHINGTON, *October 21, 1922.*

MY DEAR MR. SECRETARY: I have your letter of this morning relating to the advisability and desirability of this government calling a conference in Washington of Central American powers. Since it is evident that such action on the part of this government will be agreeable to the powers concerned, and since it is very clear that such a conference will be helpful in the establishment of more stable relations among the Central American states I am very glad to approve of the invitation submitted, and hope you will proceed at once in issuing it.

Very truly yours,

WARREN G. HARDING

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[56] See *Foreign Relations*, 1907, pt. 2. pp. 644 ff.
[57] Not printed.
[58] See telegram no. 17, Oct. 21, 1922, to the Minister in Costa Rica, p. 430.

813.00 Washington/10e : Telegram

The Secretary of State to the Minister in Costa Rica (Davis)[59]

WASHINGTON, *October 21, 1922—6 p.m.*

17. Deliver following note textually to the President and inform him of the gratification of the United States if the Government of Costa Rica will accept the invitation contained therein:

"The Government of the United States has watched with attention the measures taken in August last by the Presidents of Nicaragua, Salvador and Honduras at the conference held on board the U. S. S. *Tacoma* to effect more friendly and peaceful relations in Central America. The American Government was gratified at the action of those countries in acknowledging the validity of the General Treaty of Peace and Friendship signed at Washington on December 20, 1907,[60] and at the action of the Governments of Costa Rica and Guatemala in definitely declaring that that Treaty, in so far as they are concerned, is still in force.[61]

The Government of the United States believes that a great step has been taken towards peace and stability by these declarations of the five Central American states and is further of the opinion that the peaceful and friendly relations and the prosperity of these countries could still further be insured by a frank and friendly exchange of views and recommendations, the results thereof to be embodied in a treaty for the permanent regulation of their mutual interests and relations.

The Government of the United States consequently takes pleasure in inviting the Governments of Costa Rica, Nicaragua, Honduras, Salvador and Guatemala to send plenipotentiaries to Washington for a conference to be held beginning Monday, December 4th, to discuss:

1. The negotiation of a treaty or treaties to make effective those provisions of the treaties signed at Washington on December 20, 1907, which experience has shown to be effective in maintaining friendly relations and cooperation among the Central American States.

2. Measures whereby, in view of the achievements accomplished with regard to the limitation of armaments by the powers participating in the Conference at Washington in 1921,[62] the Central American States may carry on this endeavor and set an example to the world and above all to the powers of this hemisphere, by adopting effective measures for the limitation of armaments in Central America.

3. The working out of a plan for setting up Tribunals of Inquiry whenever any disputes or questions regarding the proposed treaty or treaties, which cannot be settled by diplomatic means, shall unfortunately arise between any two or more of the countries.

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[59] The same, *mutatis mutandis*, to the diplomatic representatives in Guatemala (no. 47), Honduras (no. 35), Nicaragua (no. 41), and Salvador (no. 44).

[60] *Foreign Relations*, 1907, pt. 2, p. 692.

[61] See telegrams no. 50, Sept. 10, 1922, from the Minister in Costa Rica, and no. 84, Oct. 4, 1922, from the Minister in Guatemala, pp. 426 and 427, respectively.

[62] See pp. 1 ff.

4. Any other questions which the countries represented at the conference unanimously desire to consider."

You may verbally and confidentially inform the President that the Government of the United States does not contemplate the discussion of a Central American Union at this conference, nor the revival of the Central American Court of Justice, but simply measures which will place the relations of the five countries on a more stable basis. Of course the question of union can be brought up under paragraph 4 of the invitation if all the countries so desire, but will not be discussed if any is unwilling or offers objection thereto.

HUGHES

813.00 Washington/49c: Circular telegram

The Secretary of State to the Diplomatic Representatives in Costa Rica, Guatemala, Honduras, Nicaragua, and Salvador

WASHINGTON, *November 11, 1922—6 p.m.*

You will please orally inform the government to which you are accredited that the government of the United States is gratified that all the Central American states have now accepted the Department's invitation to the Conference to be held in Washington on December 4th.[63] You may say that the government and people of the United States are hopeful that this Conference will be another step in promoting friendly relations between the countries concerned and are desirous of rendering every service to bring about this happy result. You may also say that this government would be glad to participate in the Conference itself through duly appointed delegates, or to give its friendly aid outside the actual deliberations of the Conference, as the governments concerned may desire.

The Department would welcome an expression of opinion with respect to this matter on the part of the government to which you are accredited.

HUGHES

813.00 Washington/58: Telegram

The Minister in Costa Rica (Davis) to the Secretary of State

SAN JOSÉ, *November 17, 1922—10 a. m.*

[Received 1:15 p. m.]

71. Department's circular November 13, 11 a. m. [*November 11, 6 p. m.*] President Acosta called at the Legation to inform me that the participation of the United States Government in the Washing-

[63] Acceptances not printed.

ton conference by giving its friendly aid would be appreciated and is desired by Costa Rica.

The President feels that it would be best for the United States to participate in this manner for the following reasons; first, the invitation and preliminary conference did not indicate that the United States would participate by delegates; second, such participation would be in keeping with the spirit of the 1907 agreement relative to conferences;[64] third, that the participation of the United States by regularly appointed plenipotentiaries would be seized upon by a large element as a means of attacking its results on the basis the United States would thus be in a position to impose its will upon the smaller republics, a charge which would be without foundation in fact but which might result in the nullification of the work of the conference.

DAVIS

813.00 Washington/58 : Telegram

The Secretary of State to the Minister in Costa Rica (Davis)

WASHINGTON, *November 17, 1922—6 p. m.*

23. Your 71, November 17, 10 a. m.

The Department has now received replies from all of the Central American countries.[65] Three have requested the participation by the United States through duly appointed delegates and the remaining country has expressed a desire that the Government of the United States assist in any way it feels will be most beneficial, either through duly appointed delegates sitting in the Conference, or by giving its friendly aid. Two of the Governments have emphasized the earnest desire that the United States Government participate and their Ministers in Washington have expressed this desire to the Department. You will please orally bring this to the attention of the President and inform him that the Department's only desire is to be of the most assistance in the coming conference and to act in such manner as appears to the Governments concerned will be most beneficial and useful to them. The Department earnestly desires to comply with the wishes of Costa Rica in the matter but is, of course, placed in a very embarrassing position due to the earnest request of the other Governments concerned that it participate in the Conference through duly appointed delegates.

[Paraphrase.] When you are presenting the present situation to the President you should not give him the impression that this Gov-

[64] *Foreign Relations*, 1907, pt. 2, p. 708.

[65] Replies of Guatemala, Honduras, Nicaragua, and Salvador not printed.

ernment wishes to persuade the Government of Costa Rica to act contrary to its desires. However, you can easily appreciate how embarrassing the present situation is and how gratifying it would be if this Government should receive from the Government of Costa Rica an invitation similar to those of Salvador, Guatemala, Honduras, and Nicaragua. Cable results. [End paraphrase.]

HUGHES

813.00 Washington/65 : Telegram

The Minister in Costa Rica (Davis) to the Secretary of State

SAN JOSÉ, *November 20, 1922—3 p. m.*

[Received 9 p. m.]

72. Department's cable instruction 23, November 17, 6 p. m. After conferring with President Acosta he to-day informed me that Costa Rica will be pleased if the United States will participate in the Washington conference by means of regularly appointed delegates. Confidential despatch follows. Repeated to Central American missions.

DAVIS

813.00 Washington/76a : Circular telegram

The Secretary of State to the Diplomatic Representatives in Costa Rica, Guatemala, Honduras, Nicaragua, and Salvador

WASHINGTON, *November 22, 1922—5 p. m.*

Please inform the government to which you are accredited that, as it appears to be the opinion of the governments of Central America that the Government of the United States can most helpfully participate in the Conference on Central American Affairs by the appointment of official delegates, this Government will take pleasure in being so represented by the Secretary of State and Mr. Sumner Welles.[66]

HUGHES

[For the proceedings of the Conference, see *Conference on Central American Affairs, Washington, December 4, 1922–February 7, 1923* (Washington, Government Printing Office, 1923).]

[66] Commissioner to the Dominican Republic.

BOUNDARY DISPUTES

Dominican Republic and Haiti [67]

738.3915/228

The High Commissioner in Haiti (J. H. Russell) to the Acting Secretary of State

No. 67 PORT AU PRINCE, *September 20, 1922.*
[Received September 28.]

SIR: I have the honor to invite the attention of the Department to the consideration of the Haitian–Dominican Boundary question.

Correspondence on file in this Legation indicates that the Haitian Government has been ever-ready to submit the boundary question to arbitration, and under date of June 2nd, 1921 the American Minister to Haiti addressed a letter to the Secretary of State, Washington, D. C., which embodied the views of the Haitian Government on this question.[68]

Recently, there have been several cases of violations of the boundary by both Haitians and Dominicans, and it is believed that this subject is one of vital importance deserving prompt consideration by the Dominican Government.

The latter part of last month I received a letter from the President of Haiti informing me that he had learned an American Commission escorted by Marines and coming from Dominican territory was about to begin operations in the region of Pedernales, with a view to outlining the frontier.

The President furthermore requested that I inform him if such Commission was working under the mandate of the Washington Government, as mediators between the Dominican Republic and the Republic of Haiti on the conflict of frontiers, or if it held solely the mandate of the Dominican Government. In the first case, he stated that we would here regulate the question, but in the second case, he asked me to draw the attention of the Military Government of Santo Domingo to the imperative necessity of a previous agreement with the Haitian Government if the Commission in the course of its work intend to penetrate Haitian territory. This request from the President was communicated by me to the Military Governor of Santo Domingo, who in reply informed me that the President of Haiti had been misinformed, the work in question having no connection with the Dominican–Haitian frontier question, but being merely a mapping party working in the region referred to in connection with the military map of Santo Domingo in course of preparation,

[67] Continued from *Foreign Relations*, 1921, vol. I, pp. 228–231.
[68] *Ibid.*, p. 229.

the map including the whole of the Dominican Republic in accordance with the Taft line,[69] and that the Haitian Government need have no fear of any encroachment.

On September 12th, 1922, a letter was received from the President of Haiti, informing me that he had just received a telegram from the Prefect of Jacmel, dated from Anse à Pitres, where the Prefect was at the time on an inspection trip. In this telegram the Prefect stated that on the previous evening, September 11th, at about 10:00 p. m., a Marine coming from the Dominican side had opened fire upon the house in which he, the Prefect, was sitting. That he had called for help, that two Gendarmes had responded, that the Marine had opened fire upon the Gendarmes, and that the Gendarmes in returning the fire of the Marine, had killed him.

I immediately despatched an officer to Anse à Pitres to investigate this incident and informed the Military Governor of Santo Domingo of the contents of the Prefect's report. The Military Governor of Santo Domingo informed me that a Court of Inquiry had been ordered, and it would reach Pedernales by tug on the 16th of September, 1922, and that he would appreciate any assistance, and welcome any representative that I might care to send. Major Vandegrift, the officer sent by me to investigate this case, was consequently directed to remain at Anse à Pitres, collect witnesses and render every assistance to the Court of Inquiry, as well as to make his own report of the occurrence.

Recent telegrams from Major Vandegrift corroborate the report made by the Prefect.

I am in receipt of a note from the Haitian Government concerning this matter, a copy of which is attached hereto.[70]

The attention of the Department is respectfully invited to the great importance of the frontier question between Haiti and Santo Domingo, especially so in view of the anticipated withdrawal of United States forces from the Dominican Republic, and in this connection, it is my strong opinion that before said withdrawal is effected the Receiver General of Dominican Customs should be directed to re-establish and operate a border patrol, whose duty it should be to patrol the border line fixed by the United States Government in 1912 as the provisional *de facto* boundary line between the two Republics.[71]

It is further urged that in accordance with the wishes of the Haitian Government immediate steps be taken to obtain the consent

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[69] The line shown on the War Department *Map of Haiti and Santo Domingo*, prepared by the second (military information) division, General Staff, Washington, 1907 and 1908, on Monte Christi sheet no. 6 and Barahona sheet no. 7.

[70] Not printed.

[71] See Department's telegram of Sept. 24, 1912, 3 p. m., *Foreign Relations*, 1912, p. 368.

of the Dominican Government to submit the boundary question to arbitration.

It is believed that only when this question has been definitely settled and the boundary line is well marked by monuments that boundary disputes will cease.

I have [etc.] JOHN H. RUSSELL

738.3915/229

The High Commissioner in Haiti (J. H. Russell) to the Secretary of State

No. 70 PORT AU PRINCE, *October 4, 1922.*

[Received October 19.]

SIR: Referring to my despatch No. 67 of September 20th, 1922, relating to the Haitian–Dominican boundary question, I have the honor to forward herewith copy and translation of a note recently received from the Minister of Foreign Relations.[72]

It appears to be a fact that the territory directly east of the Pedernales River is and has for some time been occupied by Haitians. The President informs me that the Moya map of the Dominican Republic, which was adopted by the Dominican Congress and published in 1905, shows this territory as Haitian, the boundary line running well to the east of the Pedernales River, and not following the river as it does on the United States Army Military Information map, 1907.

With the Military Occupation of the Dominican Republic, this question became more or less disputed for the reason that taxes were levied by the Military Government on the natives living in the section just east of the Pedernales River, a coffee growing section.

President Borno informs me that there has never been any question between the Dominican and Haitian Republics regarding this territory until the *Status Quo* line was defined by the United States Government in 1912. Certainly the Moya map of 1905 bears out this contention.

I have informed the Haitian Government that this matter has been referred to the Department of State.

In this connection, I desire again to point out to the Department the advisability of establishing a border patrol under the Dominican Receiver of Customs before the withdrawal of United States military forces from the Dominican Republic.

I have [etc.] JOHN H. RUSSELL

[72] Not printed.

738.3915/228

The Secretary of State to the High Commissioner in Haiti
(J. H. Russell)

No. 41 WASHINGTON, *October 5, 1922.*

SIR: The Department has received your despatch of September 20, 1922, discussing the boundary question between Haiti and the Dominican Republic.

Although the Department is deeply interested in a just and permanent settlement of this boundary question, it does not feel that the matter could profitably be taken up with the Government of the Dominican Republic at the present time. The Military Government in that country will probably be withdrawn in the very near future and a provisional government will be established for the purpose of drafting certain legislation and holding elections. It does not seem probable that the boundary question could be dealt with satisfactorily during the period while this transition is taking place.

A copy of your despatch is, however, being sent to the American Legation at Santo Domingo for its information and for comment. The American Minister in Santo Domingo is being instructed to discuss with the American Commissioner in that country the advisability of re-establishing the Dominican Customs Guard. You will be duly informed when a reply from the Minister is received.

I am [etc.] CHARLES E. HUGHES

738.3915/228

The Secretary of State to the Minister in the Dominican Republic
(W. W. Russell)

No. 472 WASHINGTON, *October 5, 1922.*

SIR: There is transmitted herewith, for your information and for the information of Mr. Welles,[73] a copy of a despatch from the American High Commissioner at Port au Prince, discussing the question of the boundary between Haiti and the Dominican Republic.[74] The High Commissioner has been informed that this does not appear to be an opportune time for taking up the boundary question, in view of the approaching withdrawal of the military government and the contemplated establishment of a provisional government. The Department would be very glad, however, to have your comments, and the comments of Mr. Welles, upon General Russell's views.

[73] Sumner Welles, Commissioner to the Dominican Republic.
[74] Despatch no. 67 of Sept. 20, p. 434.

Your opinion is particularly desired with regard to General Russell's recommendation that the Dominican Customs Guard be re-established on the frontier before the withdrawal of the military government. If it is possible to re-establish this force, with the approval of the Dominican political leaders with whom Mr. Welles has been in conference, the Department feels that the presence of such a force, under the control of the General Receiver, would do much to diminish the possibility of friction on the frontier after the provisional government assumes control of the Dominican police. You are requested to discuss this matter with Mr. Welles and report your views and his by telegraph.

I am [etc.]

For the Secretary of State:
LELAND HARRISON

738.3915/231 : Telegram

The Minister in the Dominican Republic (W. W. Russell) to the Secretary of State

SANTO DOMINGO, *October 28, 1922—noon.*
[Received October 30—11:35 p.m.]

39. Your instruction number 472, October 5. I have conferred with Commissioner Welles and he concurs in my views that frontier guard should not be re-established at the present time for the reason that it would mean equipment and maintenance of force of at least one hundred men and considerable additional expense to the provisional government and this expense is not advisable due to crisis in national finances. All friction on the frontier probably would be eliminated if some arrangement could be made for tracing the provisional boundary line as established by the United States in 1911 [*1912?*] [75] as shown on a map prepared by second military information division War Department Washington 1907 and 1908. This provisional boundary line which was accepted by both countries exists only on the map and no one knows where it is on the ground.

RUSSELL

738.3915/228

The Secretary of State to the High Commissioner in Haiti (J. H. Russell)

No. 48 WASHINGTON, *October 30, 1922.*

SIR: The Department has received your despatch No. 70, of October 4, forwarding a copy of a translation of a note from the Minister

[75] See Department's telegram of Sept. 24, 1912, 3 p. m., *Foreign Relations*, 1912, p. 368.

of Foreign Affairs of Haiti containing further observations on the Haitian–Dominican boundary situation.

You are referred in this connection to the Department's instruction of October 5 in which it was stated that a copy of your despatch of September 20 on the same subject had been sent to the American Legation at Santo Domingo for its information and for comment. No reply has as yet been received from the Minister at Santo Domingo. You will be promptly informed when such a reply is received.

Meanwhile it is desired that you should inform the Haitian Government that the Government of the United States expects that the line provisionally established in 1912 will be scrupulously respected by the governments both of Haiti and of the Dominican Republic. It is hoped that the establishment of a permanent constitutional government in the Dominican Republic will make it possible in the near future for the discussions between the two governments on the question of the frontier to be resumed. Meanwhile the *status quo* should be preserved on the basis of the 1912 line.

The Department has no information tending to substantiate the report referred to by the Haitian Government that Haitians on the Dominican side of the provisional line have been dispossessed of their property by the Dominican authorities. It is hoped that the Haitian Government will transmit through you reports of any specific cases of this nature which may have occurred.

A copy of your despatch under acknowledgment and of this instruction is being sent to the American Minister at Santo Domingo for his information.

I am [etc.] CHARLES E. HUGHES

738.3915/228

The Secretary of State to the Minister in the Dominican Republic (W. W. Russell)

No. 475 WASHINGTON, *October 30, 1922.*

SIR: With further reference to the Department's instruction No. 472 of October 5, 1922, on the question of the Haitian–Dominican boundary, there is transmitted herewith a copy of a further despatch received from General Russell,[75a] together with the Department's reply thereto.[75b]

You are requested to inform the Dominican Government that General Russell has been instructed to state to the Haitian Government that the Government of the United States expects that the

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[75a] Gen. Russell's despatch no. 70, p. 436.
[75b] *Supra.*

provisional line established in 1912 shall be scrupulously respected by both the Haitian and Dominican Governments.

The Department hopes to receive, in the very near future, your telegraphic report in reply to its instruction above referred to.

I am [etc.] CHARLES E. HUGHES

738.3915/231

The Secretary of State to the High Commissioner in Haiti (J. H. Russell)

No. 51 WASHINGTON, *November 8, 1922.*

SIR: With reference to recent correspondence on the subject of the boundary between Haiti and the Dominican Republic, there is transmitted herewith, for your information, a copy of a telegram from the American Minister at Santo Domingo.[76] You will note that the Minister does not deem it advisable at the present time to re-establish the frontier guard.

The Department would be glad to have your comments on the Minister's suggestion that the provisional boundary line should be laid down on the ground. The advisability of attempting any survey of this temporary and provisional line at the present time seems doubtful, and it would appear preferable that the matter should be allowed to rest until the establishment of a constitutional Dominican government.

I am [etc.]

For the Secretary of State:
WILLIAM PHILLIPS

738.3915/223

The High Commissioner in Haiti (J. H. Russell) to the Secretary of State

No. 90 PORT AU PRINCE, *November 18, 1922.*

[Received November 29.]

SIR: Referring to the Department's despatch No. 51 of November 8, 1922, I cannot agree to the recommendation of the American Minister to Santo Domingo that the provisional boundary line should be laid down on the ground. In fact, I am quite confident that such action would cause in Haiti considerable and heated discussion, certain parts of the territory adjacent to the provisional line being in dispute.

[76] Telegram no. 39, Oct. 28, p. 438.

I agree thoroughly with the Department that this matter should be allowed to rest until the establishment of a Constitutional Dominican Government.

Arrangements have been made between the Chief of the Policia Nacional Dominicana and the Chief of the Gendarmerie d'Haiti, by which it is hoped that friction between these two forces will be avoided and that the patrol of the boundary will be along the provisional line established in 1912 by the United States Government.

I have [etc.] JOHN H. RUSSELL

738.3915/234

The Minister in the Dominican Republic (W. W. Russell) to the Secretary of State

No. 807 SANTO DOMINGO, *November 27, 1922.*

[Received December 7.]

SIR: In accordance with instructions contained in your No. 475 of October 30th last, I informed the Dominican Government that the American High Commissioner in Haiti had been instructed to state to the Haitian Government that the Government of the United States expects that the provisional Dominican–Haitian boundary line established in 1912 will be scrupulously respected by both Governments.

I am enclosing a translation of the reply of the Minister of Foreign Affairs to my note on the subject, with the request that the Haitian Government, through the Legation at Port-au-Prince, be informed of the attitude of the Dominican Government in this matter, and, if possible, that I be furnished with a copy of the Haitian Government's note on the subject.

In connection with the subject I also enclose a copy of a letter from Rear-Admiral Robison to General Russell,[77] and I am still of the opinion that an endeavor should be made to locate some of the most disputed points in accordance with the map of the accepted provisional boundary line.

I have [etc.] WILLIAM W. RUSSELL

[Enclosure—Translation]

The Dominican Minister for Foreign Affairs (Morales) to the American Minister (W. W. Russell)

No. 68 SANTO DOMINGO, *November 23, 1922.*

Mr. MINISTER: I have the honor to acknowledge the receipt of Your Excellency's courteous note No. 432 of November 15th in

[77] Letter not printed; Rear Admiral Robison was serving as Military Governor of Santo Domingo.

which you inform me of the desire of the United States that the provisional Dominican–Haitian boundary line of 1912 be scrupulously respected by both Governments.

I am pleased to state to Your Excellency that my Government, especially interested in the preservation of the good relations that exist between the two Republics, and on the other hand, desirous that the frontier difficulties be arranged temporarily in order that in this way a definite solution of the question—so important to the Dominican people—be arrived at, will omit no lawful and pacific endeavors of any kind whatsoever in maintaining completely the provisional boundary line which the Dominican Government accepted in 1912, with the consequent reserves of rights.

At the same time I have taken due note that the Government of Haiti has been advised in a similar sense, and in this case permit me to beg Your Excellency, if it is in your power, to make known to the Government of Haiti the attitude of my Government in this matter, and to inform me at the same time of the attitude of the neighboring Republic in the matter.

I avail myself [etc.] A. MORALES

738.3915/234

The Secretary of State to the High Commissioner in Haiti (J. H. Russell)

No. 61 WASHINGTON, *December 19, 1922.*

SIR: With further reference to the Department's instructions of October 30 and November 8, 1922, regarding the boundary between Haiti and the Dominican Republic, there is transmitted herewith, for your information, a copy of a despatch from the American Minister in Santo Domingo enclosing a translation of the reply of the Minister of Foreign Affairs of that country to the Minister's note of November 15th.[78]

With reference to the second paragraph of Mr. Russell's despatch, you are requested to communicate the note of the Dominican Minister of Foreign Affairs to the Haitian Government, with a request for a statement from the Haitian Government that it will respect the provisional boundary line laid down in 1912, without prejudice to any rights which either party may claim in the eventual settlement, until such time as a permanent settlement of the boundary question can be effected. You are requested to transmit copies of the Haitian Government's reply to the Department and also to the American Legation at Santo Domingo.

I am [etc.] CHARLES E. HUGHES

[78] *Supra.*

Honduras and Nicaragua[79]

715.1715/234½

Memorandum by the Secretary of State of a Conversation with the Nicaraguan Minister (Chamorro), August 3, 1922

The Minister of Nicaragua called attention to the memorandum from the Secretary, under date of October 27, 1921,[80] referring to the boundary dispute with Honduras and suggesting that there should be an arbitration by the Chief Justice of the United States. The Minister said that Nicaragua had accepted the proposal and inquired as to the attitude of Honduras. The Secretary informed him that Honduras had not yet accepted. The Minister asked whether Honduras could not be again approached. The Secretary said he would review the correspondence and see what could be done in the matter.

. . . . . .

715.1715/231

The Honduran Minister (Lopez G.) to the Secretary of State

[Translation[81]]

WASHINGTON, *August 8, 1922.*

MOST EXCELLENT MR. SECRETARY OF STATE: Referring to Your Excellency's note, dated October 27, of last year,[80] in which you recommend that the award of His Majesty the King of Spain on the boundary dispute between Honduras and Nicaragua be referred to the Chief Justice of the Supreme Court of this country for his decision as to its validity, I duly informed by word of mouth, Dr. Dana G. Munro, who was the Acting Chief of the Latin American Division of the Department of State, of my Government's answer on the subject.

I now deem it expedient to copy a few paragraphs of the said answer in order that, by taking into account the weighty reasons upon which the Government of my country bases its nonacceptance of the said recommendation, Your Excellency will do justice to my Government, and, in return, if you should find it convenient, suggest a friendly solution to the dispute, since that was the object sought when the case was laid before the Department of State. Above all, we wish to know what is the present status of the friendly mediation, now that Nicaragua has proposed to lay the case before the Court of the League of Nations.

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[79] Continued from *Foreign Relations*, 1921, vol. I, pp. 234–237.
[80] *Ibid.*, p. 235.
[81] File translation revised.

The paragraphs of the note from the Minister for Foreign Affairs of Honduras to which I refer are as follows:

"You are pleased to remark that what the Department of State proposes is not a new arbitration on the boundary dispute, but merely one on the validity of the award which Nicaragua claims is vitiated by certain irregularities that make it inapplicable; that the Department of State makes this recommendation officially so as to carry to an end its friendly mediation which was tendered and accepted by both parties more than three years ago; that the Government of Nicaragua has already accepted the recommendation mentioned above, and that you are awaiting the decision of the Government of Honduras on this point, as you have to return a final answer in the shortest possible time; that relying on the integrity of the Chief Justice of the Supreme Court of the United States—acknowledged the world over—who has on more than one occasion rendered decisions against his own Government, there is reason to expect that he will do us full justice."

"In reply, I have the honor to say to you, with respect to the dispute with Nicaragua, that the mediation so generously offered by the Department of State, according to the notes of August 22 and 26, 1918, exchanged with the American Legation, copies of which I enclose,[82] has nothing to do with a discussion over the validity of the award by the King of Spain; that in a note of February 25, 1921, sent to the Department of State by our special representative in Washington, of which I also enclose a copy,[83] it was stated that the last proposal made by the delegation of Nicaragua was not acceptable, and that the two contesting Governments must comply with the original engagement; and out of respect for the Honorable Mediator must listen to his friendly suggestion, retaining the liberty to accept it or decline it after they were notified; it was pointed out that the original engagement was ratified in Article 2 of the Journal of the Conference of Amapala held by the Presidents of Honduras and Nicaragua. It was also stated that if the delegation of Nicaragua persisted in its oral insinuations to bring the mediation to an end, or to change its nature, our representative deemed it indispensable to beg the Honorable Mediator to request, in writing, a statement of that intention, in order that he, in turn, might decide upon the status of the case; so that if the mediation were to be regarded as having failed—for which failure Honduras would bear no responsibility—this Government would be released of the engagements made in accepting it, which, as above stated, were ratified at the Amapala Conference; that according to a note of our representative dated the 3d of March following, of which I also enclose a copy,[83] it was stated that it was understood, although not put into writing, that the declarations of the delegation of Nicaragua were confirmed, and that the mediator, believing he was without further authority to give a decision, tacitly, in consequence, considered the mediation ended; it was stated further that since the Delegation of Nicaragua had created an anomalous situation, which left that delegation to decide of its own

[82] Not printed; see Department's telegrams of Aug. 21 and Aug. 28, *Foreign Relations*, 1918, pp. 32, 34.

[83] Not found in Department files.

will whether the mediation was still proceeding or had terminated, our representative made an express reservation in behalf of the Government of Honduras to consult also our interests when, in turn, it would be called upon to consider and decide that same point, and for that purpose would communicate to the Honorable Mediator the antecedents in the case; again declaring that neither then nor thereafter would it hold itself responsible for the failure of the good intentions of the Government of the United States and of the great labor it had undertaken as also the labor and time wasted by the two Governments concerned and large expenditures incurred to no purpose by their respective countries.

"Later on, our special representative's resignation was accepted, and the permanent legation was commissioned to endeavor to arrive at an understanding with the delegation of Nicaragua to obtain, if possible, the Honorable Mediator's opinion on the points agreed to at the time the mediation was constituted.

"In this sense, the Government hopes that the negotiations undertaken will be carried on, but it could not accept as a point for discussion the validity of the award of the King of Spain which was not included in the convention which gave birth to the aforesaid mediation, this action in no wise meaning that the Government fails to acknowledge the integrity of the Chief Justice of the Supreme Court of the United States of America or that he would not do us full justice as it would have the greatest confidence in the honesty of his decision, if there were occasion to submit the controversy to such decision."

With assurances [etc.] ANTONIO LOPEZ G.

715.1715/232a : Telegram

The Secretary of State to the Minister in Honduras (Morales)

WASHINGTON, *August 15, 1922—5 p.m.*

28. On October 27, 1921,[84] the Department addressed a note to the Ministers of Honduras and Nicaragua in Washington with regard to the boundary dispute between their two countries stating that the Department had declined to express any opinion upon the validity of the award of the King of Spain defining the boundary between the two Republics, but had sought to find a solution of the controversy which would be agreeable to both parties, and, therefore, suggested, as a means of reaching a permanent settlement of this boundary dispute, (1) that the following question, "is the award defining the boundary rendered by the King of Spain in 1906 valid?", be submitted for determination to the Chief Justice of the United States, and that (2) in the event that the arbitrator should hold the award of the King of Spain to be invalid, and the boundary line fixed by that award consequently inapplicable, the

[84] *Foreign Relations*, 1921, vol. I, p. 235.

Chief Justice of the United States be entrusted with the duty of determining the boundary which shall be established between the two Republics, taking into consideration all facts, circumstances and antecedents relating thereto, with the prior understanding that the Government of Honduras and the Government of Nicaragua shall accept the decision so rendered as final and conclusive.

Two days later, on October 29, the Nicaraguan Minister replied to the Department's note stating that he was instructed by his Government to accept *in toto* the bases of settlement proposed by the Department.[86] The Honduran Government has not yet replied.

The Department is of the opinion that the coming conference in Fonseca Bay[87] offers an exceptionally good opportunity for the settlement of this question, and, accordingly, desires you to bring this matter immediately to the attention of the President informing him that the Department would be extremely pleased to have him bring the matter up in the conference and would be most gratified if this question could be settled along the lines suggested in the Department's note of October 27, 1921. Keep the Department fully informed with regard to this matter.

HUGHES

813.00 Tacoma/–: Telegram

The Minister in Honduras (Morales) to the Secretary of State

TEGUCIGALPA, *August 17, 1922—2 p.m.*

[Received 9:40 p.m.]

70. Referring to the Department's telegram 28, August 15, 2[5] p.m. The President assured me that he will bring up the boundary question at the conference and attempt to arrive at a solution.

In company with the President and party I shall leave for Amapala on the 18th instant to attend the conference.

MORALES

715.1715/234

The Minister in Honduras (Morales) to the Secretary of State

No. 158 TEGUCIGALPA, *August 22, 1922.*

[Received September 9.]

SIR: Referring to the Department's telegraphic instruction No. 28 of August 15, 1922, 5 P. M., and the Legation's reply, telegram No. 70 of August 17, 1922, 2 P. M., with reference to the boundary dispute between the Republics of Nicaragua and Honduras, I have

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[86] *Foreign Relations*, 1921, vol. I, p. 236.

[87] Conference of Presidents held on the U. S. S. *Tacoma*, in Fonseca Bay, Aug. 19 and 20, see pp. 417 ff.

the honor to inform the Department that President Gutiérrez discussed the matter with President Chamorro and a clause mentioning the boundary question was inserted into the convention.

President Gutiérrez has instructed the Honduranean Minister for Foreign Affairs to answer the Department's communication of October 27, 1921, addressed to the Honduranean Minister in Washington accepting the proposition along the lines suggested by the Department.

I have [etc.] FRANKLIN E. MORALES

THE TACNA-ARICA QUESTION [88]

Negotiations at Washington Leading to Signature of the Protocol of Arbitration and the Supplementary Act, July 20, 1922

723.2515/805a : Telegram

The Secretary of State to the Ambassador in Chile (Collier) [89]

WASHINGTON, *January 13, 1922—4 p. m.*

2. In the contingency set forth below, you are instructed to address the Minister of Foreign Affairs as follows:

"The Government of the United States through the courtesy of the Ambassadors of Chile and Peru in Washington, has been kept informed of the progress of the recent negotiations carried on directly by telegraph between the Governments of Chile and Peru, looking toward a settlement of the long-standing controversy with respect to the unfulfilled provisions of the Treaty of Ancon. It has noted with the greatest pleasure and satisfaction the lofty spirit of conciliation which has animated the two Governments, and that as a result of these direct exchanges of views, the idea of arbitration of the pending difficulties is acceptable in principle to both. It has also taken note of the suggestion that representatives of the two Governments be named to meet in Washington with a view to finding the means of settling the difficulties which have divided the two countries.

Desiring in the interests of American peace and concord to assist, in a manner agreeable to both Governments concerned, in finding a way to end this long-standing controversy, the President of the United States would be pleased to welcome in Washington the representatives which the Governments of Chile and Peru may see fit to appoint, to the end that such representatives may settle, if happily it may be, the existing difficulties, or may arrange for the settlement of them by arbitration."

Before doing so, however, you are instructed to arrange an early interview with the President or Minister of Foreign Affairs, or both, and inquire whether this action would be agreeable. This Govern-

[88] Continued from *Foreign Relations*, 1921, vol. I, pp. 237–257.
[89] The same, *mutatis mutandis*, to the Chargé in Peru (no. 3).

ment hopes that the progress already made by the two Governments in their direct negotiations, looking toward the settlement of their difficulties, will not be lost, and believes that if representatives of the two Governments should meet an honorable way may be found to reach a solution of the difficulties satisfactory to both. With a view to aiding, as far as it properly can, the peaceful settlement of this long-standing controversy, without departing from its traditional attitude of impartiality, the Government of the United States stands ready, if agreeable to both Governments, to make the above suggestion simultaneously, in a formal manner, to each.

For your confidential information, the Department believes that if the idea of a meeting of representatives in Washington with a view to agreeing upon the points to be submitted to arbitration is agreeable to both Governments, that no attempt should now be made to define the scope of the arbitration, save that it might be indicated that the arbitration might appropriately embrace all questions of alleged violations of the treaty or of the consequences of any failure to carry out provisions of the treaty, without however going so far as to ignore the treaty or to deal with the consequences of the war.

An identic telegram has been sent to Lima and you may so state.

Upon receipt of replies from Santiago and Lima, you will be appropriately instructed by cable with regard to the presentation of the note quoted above.

HUGHES

723.2515/806 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

LIMA, *January 14, 1922—1 p.m.*

[Received 7:53 p.m.]

95. Your January 13, 4 p. m.[90] In an interview with the President this morning he expressed his gratification at the proposed action and stated that the invitation when extended would be accepted with pleasure without qualification.

STERLING

723.2515/807 : Telegram

The Ambassador in Chile (Collier) to the Secretary of State

SANTIAGO, *January 17, 1922—5 p.m.*

[Received 11:45 p.m.]

2. Department's telegram 2, Jan. 13, 4 p. m. Absence of President of Chile prevented my seeing him and Minister for Foreign

[90] See preceding footnoe.

Affairs until to-day. Have conferred with both. Chile will accept invitation as phrased by you and realizes that acceptance creates a moral obligation to make every effort to settle dispute.

In case representatives of two countries cannot effectuate settlement arbitration will be acceptable, it being understood that this relates to "unfulfilled provisions of the treaty" as stated by you in your invitation. It is recognized violations of treaty may properly be considered by arbitrator but Chile takes the view that while violations might justify imposition of penalty they cannot be considered as rendering treaty void. I do not understand that they make this a condition of their acceptance but rather a statement of their understanding of its meaning. Both the President and Minister for Foreign Affairs desire me to express their hearty appreciation proposed invitation and their sincere desire to settle the matter in accord with principles of law and justice.

COLLIER

723.2515/807a : Telegram

The Secretary of State to the Ambassador in Chile (Collier)[91]

WASHINGTON, *January 18, 1922—11 a. m.*

4. Favorable replies having been received from both Chile and Peru, you are instructed to address the Minister of Foreign Affairs in the terms quoted in Department's 2, January 13, 4 p. m. An identic telegram has been sent to Lima. Report action by cable.

HUGHES

723.2515/810 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

LIMA, *January 19, 1922—7 p. m.*

[Received 11 p. m.]

96. Your telegram January 18, 11 a. m.[92] The note as quoted in your January 13, 4 p. m. was presented yesterday afternoon to the Minister for Foreign Affairs. The following is a translation of his reply:

"The Peruvian Government has [learned] with the greatest satisfaction of the cabled despatch wherein the Government of the United States, referring to the recent cabled negotiations with the Chilean Government for the settlement of the controversies arising from the non-fulfillment of several of the stipulations of the Treaty of Ancon and the principle accepted by both parties regarding the arbitra-

[91] The same, *mutatis mutandis*, to the Chargé in Peru (no. 4).
[92] See telegram to the Ambassador in Chile, *supra*.

tion of pending difficulties, is pleased to express the gratification with which the President of the United States would view a meeting at Washington, in accordance with the suggestion of the Peruvian Government, of the representatives which Peru and Chile might see fit to appoint to settle, [if] happily it may be, the present difficulties or agree to fix them by means of arbitration. The Peruvian Government takes pleasure in expressing the full sympathy and decided approval of the noble and friendly desires of President Harding, inspired by a clear vision of the interests of peace and concord in America, and consequently is disposed to appoint the suggested representative in Washington on the understanding that, if necessary, there shall be an arbitration adjusted by the Government of the United States which shall, ultimately, decide all differences arising from the Treaty of Ancon".

[Paraphrase.] Both the Minister for Foreign Affairs and the President feel that a reply mentioning arbitration under the United States was obligatory because of the position already taken by the Government of Peru, particularly in the recent exchange of notes with Chile[93] which was unanimously endorsed by the country. In order to make assurances as innocuous as possible so that public opinion here may be satisfied and at the same time negotiations may not be impeded, the reply has been carefully worded and revised. Please note the phrase "if necessary" in the reply.

The Minister and the President are both hopeful of results. The Minister assured me confidentially that his Government would not insist at the meeting in Washington that the whole treaty be revised, but that its claims would be confined to the violations of the provisions of the treaty, the consequence of these violations, and indemnities. [End paraphrase.]

STERLING

723.2515/811 : Telegram

The Ambassador in Chile (Collier) to the Secretary of State

SANTIAGO, *January 19, 1922—8 p. m.*

[Received 11 p. m.]

6. My number 5, January 19, 5 p. m.[94] Translation of text of Chilean reply follows:

"Excellency: I have the honor to acknowledge the receipt of the courteous communication of yesterday's date in which Your Excellency was kind enough to transmit a message from the Secretary of State of the United States for whose terms of high international cordiality I am sincerely grateful.

"The noble inspiration of His Excellency, the President of the United States, to invite representatives of Chile and Peru to en-

[93] See *Foreign Relations*, 1921, vol. I, pp. 249 ff.
[94] Not printed.

deavor to reach in Washington a solution of the long-standing controversy concerning the unfulfilled provisions of the Treaty of Ancon finds in my Government the most cordial reception, and [reveals] that Your Excellency's Government has fully appreciated the lofty spirit of international conciliation which inspired the Chilean initiative of December 12th last.

"My Government will be represented at Washington as soon as possible by plenipotentiaries *ad hoc* who will bear full powers to agree with the representatives of Peru for solution of the difficulties to which the invitation of the United States Government refers.

"Your Excellency will kindly convey to the President of the United States the expression of our lively thanks for the important opportunity which he has seen fit to afford us to enter into direct conversations with Peru which may bring about, by the action of the two Governments themselves or by other friendly means, the exact and loyal execution of the Treaty of Ancon.

"I gladly avail myself of the occasion to renew to Your Excellency the assurance of my highest and most distinguished consideration. Signed Ernesto Barros Jarpa".

COLLIER

723.2515/814 : Telegram

The Ambassador in Chile (Collier) to the Secretary of State

[Paraphrase]

SANTIAGO, *January 19, 1922—10 p. m.*

[Received January 20—8:40 p. m.]

8. Immediately after handing me the formal acceptance of President Harding's invitation, the Minister of Foreign Affairs handed me the following note, headed "strictly confidential":

"In accord with the ideas exchanged in Washington between the Under Secretary, Mr. Fletcher, and the Chilean Ambassador, Mr. Mathieu, upon this subject,[95] I have the honor, by means of the present communication, to express to Your Excellency in a form strictly confidential and complementary to my note number 116 of this date,[96] that my Government considers the Treaty of Peace of 1883 between Chile and Peru to be in force in all its parts, and unchangeable. In the conversation I held with Your Excellency January 17 of this year, you, as the authorized medium, gave me the confirmation that that is the spirit and the thought embodied in the message that is the subject of Your Excellency's note of January 18; an opinion that the Secretary of State, Mr. Hughes, also expressed to the Chilean Ambassador in Washington in a conversation December 28, 1921.[97]

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[95] See memoranda of Sept. 21 and Sept. 28, 1921, by the Under Secretary of State, *Foreign Relations*, 1921, vol. I, pp. 243 and 244, respectively.

[96] Quoted in the Ambassador's telegram of Jan. 19, 1922, 8 p. m., *supra*.

[97] No record of conversation found in Department files.

"This understanding is the basis and fundamental standard for Chile's negotiations with Peru in Washington, in conformity with the friendly suggestion of Your Excellency's Government.

"In the event that in the course of the negotiations effort be made to distort the spirit in which Chile has agreed to enter into them, or to assert in any form whatever the total or partial nullity of the Treaty of Ancon, my Government desires to have put on record formally and expressly with Your Excellency's Government the understanding that is set forth above. Barros Jarpa, Chilean Minister of Foreign Affairs."

In my conversation yesterday[98] with the Minister of Foreign Affairs to which he refers, I was sounding him as to whether the invitation would be accepted, and His Excellency asked if the treaty was to be rejected. I replied that in the proposed invitation the reference to the unfulfilled provisions of the treaty seemed to indicate that its existence was assumed, but that infractions and unfulfilled provisions of the treaty would undoubtedly be within the scope of the arbitration. I made specific reference to Peru's charges that the rights of Peruvian citizens were being forsworn. I gave this as my personal view, stating that I had no authority to bind my Government to an interpretation. I relied in so doing on the confidential instruction in your number 2, January 13, which, however, I did not reveal.

COLLIER

723.2515/810 : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

WASHINGTON, *January 20, 1922—4 p. m.*

5. Your 96, January 19, 7 p. m.

Inasmuch as it was stated in your 95, January 14, 1 p. m., that the President of Peru assured you "that the invitation when extended would be accepted with pleasure without qualification" and in view of the fact that the Chilean reply just received states that "My Government will be represented at Washington as soon as possible by plenipotentiaries *ad hoc* who will bear full powers to agree with the representatives of Peru for solution of the difficulties to which the invitation of the United States Government refers", the Department earnestly requests an acceptance such as it was led to believe would be sent by the Peruvian Government and on the faith of which the invitation was formally extended, and suggests that the words in the Peruvian reply "adjusted by the Government of the United States" should be deleted. You are instructed to bring

[98] Evidently refers to conversation of Jan. 17.

this matter immediately to the attention of the President and Minister for Foreign Affairs, explaining that this phrase introduces a new and in its opinion unnecessary complication. You may add that Chile was urged to accept without qualification, on the ground that the acceptance on the part of Peru would be, as promised, without qualification. You will point out that this does not mean that both Governments cannot rely upon the sympathetic interest and assistance of the United States in bringing this controversy to an end. The fact that the President has issued this invitation for representatives to meet here should be taken as a sufficient earnest of our desire to help in every proper way.

For your confidential information, the words quoted introduce a new factor, and are entirely at variance with the reply promised by the President; they place upon the Government of the United States a responsibility which it does not feel should be mooted at this stage of the negotiations. Unless Peruvian Government will omit them from its reply, it will be necessary to reconsider whole subject.

Reply immediately.

HUGHES

723.2515/843 : Telegram

President Saavedra of Bolivia to President Harding

[Translation [89]]

LA PAZ[, *January 21 (?), 1922.*]

Animated by that spirit of high justice which belongs to the most conspicuous representative of the free peoples of America, Your Excellency made known to the Governments of Chile and Peru your wish to invite them to appoint their delegates in Washington in order to bring to an end, under the moral influence of the Government of the Union, the long-standing dispute between those Republics in consequence of the War of the Pacific of 1879.

Although the dispute in which the Republics of Peru and Chile are involved and to the termination of which Your Excellency wishes efficaciously to contribute seems to be confined to the disagreement over the nonfulfillment of the so-called Treaty of Ancón, it cannot be overlooked that it concerns Bolivia, for my country was indeed a victim of the conflict of the Pacific and there can be no fair, no final solution until reparation is made for the loss of her maritime territory. The pact of Ancón, having delivered to Chile the whole of the southern coast of Peru, placed the conqueror

[89] File translation revised.

in a position where he would not yield any part of the Bolivian coast, so as not to break the continuity in his conquests toward the north.

My country's insistent protests have been answered by the Republic of Chile invoking the text of the treaty of October 20, 1904, by which Bolivia transferred to it the sovereignty over her whole coast. But the treaty of 1904 was not a free spontaneous act. There is no people, no matter how unfortunate, who will cripple its own sovereignty, who will of its own free will give up intercourse with the other peoples of the civilized globe through the vehicle of all human commerce, the ocean. In order to bring this about, the exertion of a very powerful pressure, such as that exercised by the victor over the vanquished who has been compelled to disrupt the essential attributes of his century-old sovereignty, must necessarily be presumed. That is precisely what the pact of 1904 was, the outcome of a war unjust in origin and unequal in progress.

A treaty of that nature merely attests an actual state or condition, not an undisputed right or a freely accepted balance. And because Bolivian sovereignty was injured and mutilated by the pact of 1904, immediately after its signature my country raised the banner of vindication for its maritime dependencies without which it cannot either live as an independent nation or work out its destinies with dignity.

Bolivia from her traditional respect for her international engagements would claim nothing under these or like circumstances if that treaty under which Chile shields her acquired rights represented, if not a relation of perfect justice, at least a situation that my country could bear. But that treaty not only is unjust because it cuts off a whole people from free connection with the ocean, which that people had from the day it came into autonomous existence, but as an enforced decision will forever be a source of uneasiness and unrest to the peace of South America; for as long as Bolivia is not reinstated in the territory of which she was despoiled, she will keep stirring the conscience of the world with her demands that justice be done in her case. My country, Most Excellent Sir, cannot possibly reconcile itself to living locked up within the walls of a geographic jail forced upon it by the fortunes of war, when the principles of a new law of nations has opened to all the peoples of the European continent born under its protection, the doors to the ocean as an indispensable condition for their existence, and when all the nations and the United States in particular are earnestly advocating the reign of a policy of respect for the weak peoples.

And this is why I appeal at this moment to Your Excellency and ask you in the name of the Bolivian people that in the hearing given to the dispute that Peru and Chile wish to submit to you, you will

listen to the claims of Bolivia and call my country so that it may be considered as a constituent part in solving the case of the Pacific. The Foreign Office of my country, in notes addressed to those at Santiago and Lima with reference to the invitation extended by the Government of Chile to that of Peru for a direct settlement, declared that no possible final settlement of the lasting effects of the war of 1879 could be effected without Bolivia's being given an opportunity to be heard with regard to her invaded rights. And so the attitude which it is my privilege to submit to Your Excellency's consideration is entirely consistent with the action taken again and again by Bolivia for the purpose of having her very just claims attended to.

Therefore Your Excellency, representing a great people who are seeking solutions of peace and justice for the world, will not forget that there is a nation in need at this time when it may be possible to bring to a final solution the dispute of the Pacific, and will entertain this petition which I present that Bolivia may appoint a representative in Washington who will present the right that stands on my country's side in the exigencies of this international dispute.

I wish, on this occasion, to offer to Your Excellency the sentiments of my highest and special consideration.

B. SAAVEDRA

723.2515/815 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

LIMA, *January 21, 1922—7 a. m.*

[Received 11:25 a. m.]

97. Your January 20, 4 p. m. Immediately upon receipt of your instruction I saw the President. He assured me again of his unqualified acceptance of the invitation and stated that he had not considered the wording of the reply prejudicial to such acceptance for the reason that arbitration under United States auspices was clearly to be inferred from the meeting of the representatives at Washington. He is conferring with the foreign relations committees of Congress this morning.

The Government has been confronted with the difficulty of placating public opinion and at the same time replying in terms of unqualified acceptance. This difficulty was increased by Chile giving publicity to the invitation and proclaiming it was a triumph for Chile. These press despatches were received just before I presented the American note and influenced the answer. The Government held up their publication for 24 hours. If they had reached the public the result might have been to block negotiations. I obtained what concessions were possible as the question of time was highly important.

STERLING

723.2515/817 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

LIMA, *January 22, 1922—3 p. m.*
[Received January 23—9 : 10 a. m.]

98. Your January 20, 4 p. m. and in continuation of my 97, January 21, 7 a. m. The President and the Minister for Foreign Affairs in series of conversations prior to presentation of Peruvian note consciously and honestly attempted to formulate wording which would accept unequivocally and unconditionally spirit of American invitation both as regards initial direct negotiations and as regards possible ultimate arbitration. Word "adjust" was adopted as least restrictive of action and initiative of the United States. Phraseology of Peruvian note "bajo la inteligencia de que—si [ello] fuese necesario—sea un arbitraje ajustado por el gobierno de los Estados Unidos" has been discussed with the President and the Minister for Foreign Affairs and in the opinion of both, the phrase, "ajustado por el gobierno de los Estados Unidos" means "guided by the Government of the United States" and in conference today both the President and the Minister accept this definition. The semi-official publication of the *West Coast Leader* in its English translation of Peruvian note has used "guided by" for *ajustado* without knowledge of recent complication. In view of this interpretation of the word *ajustado* the President and the Minister do not see the necessity for deleting phrase under discussion. They feel that deletion would greatly embarrass the Government because the Peruvian note has been published in the press and because necessity of publishing any change in the wording of Peruvian note of acceptance would immediately be misinterpreted by Chile. I believe that the good faith of the Peruvian Government in these negotiations is not open to question.

STERLING

723.2515/814 : Telegram

The Secretary of State to the Ambassador in Chile (Collier)

[Paraphrase]

WASHINGTON, *January 23, 1922—3 p. m.*

8. Your telegram no. 8, January 19, 10 p. m. Referring to the confidential note mentioned in the above telegram. In confidential interview the Chilean Ambassador has stated that he intends to suggest that it be changed by the elimination of references to conversations, etc., and that he will suggest substitute phraseology. His action is entirely voluntary. If the Government of Chile should

care to withdraw the note referred to above, substituting for it another that covers the same points in another manner, the Department authorizes you to accept the substitution, but unless the Minister of Foreign Affairs indicates a desire to change his note do not mention this matter to him; should he do so, confine yourself to saying that you are authorized, as a result of conversations of the Chilean Ambassador with me, to accept the substitute note.

HUGHES

723.2515/817 : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

WASHINGTON, *January 24, 1922—1 p. m.*

6. Explanation contained in your 98, January 22, 3 p. m. unsatisfactory. The invitation contained in the Department's 3, January 13, 4 p. m. which you were assured by the President of Peru would be accepted without qualification, made no mention of an arbitration "adjusted" or "guided" by the United States. The Peruvian government should understand that this particular feature of the negotiations is a matter wholly between the governments of the United States and Peru, and that the point has not been raised by nor discussed in any way with the Government of Chile, which is in no wise involved. If the Peruvian Government had withheld publication of its note until text had been received by the Department the present embarrassment would not exist. The Department, however, does not wish to engage in any controversy on the subject, but, on the contrary, issued the invitation in the utmost spirit of friendliness for both governments and hopes to be able to proceed in the same spirit of friendly assistance. It is clear from your statement that "word 'adjust' was adopted as least restrictive of action and initiative of United States" qualifies Peruvian government's acceptance, and seeks to impose a moral responsibility on the Government of the United States which was not intended and which it cannot assume. The Department believes that the President and Minister of Foreign Affairs of Peru upon further consideration will find it possible to accept the President's invitation without qualification or restriction, and will not desire to add to the friendly efforts which this Government is making, a responsibility which, as stated, it cannot promise expressly or by implication to assume.

Department relies upon you to make clear to the Peruvian government its friendly attitude and deep interest in a successful and satisfactory issue of these negotiations. It believes that when you have thoroughly explained the embarrassment and difficulty which the reply of Peru in its present form would cause us that they will find

a way to remove from their acceptance all qualifications or restrictions upon the freedom of action of this Government and will be content to rely upon our friendly interest in the success of the proposed negotiations.

[Paraphrase.] In the event that the Government of Peru is not prepared to accept the President's invitation without qualification as promised, and without seeking to impose upon the Government of the United States a moral responsibility in connection with any arbitration which may result, this Government may be forced to withdraw its invitation, which would, of course, necessitate an explanation of its reasons for so doing. The Department has not yet made public the replies of the Chilean and Peruvian Governments. Reply as soon as possible. [End paraphrase.]

HUGHES

723.2515/821 : Telegram

President Harding to President Saavedra of Bolivia

WASHINGTON, *January 27, 1922.*

I have read with great interest Your Excellency's telegram of January 21st, eloquently expressing your country's aspiration to secure an outlet to the sea, which was lost as a consequence of the War of the Pacific, and of its desire to secure a modification of the terms of the Treaty entered into with the Republic of Chile in 1904.

Your Excellency asks that "in the hearing given to the dispute that Peru and Chile wish to submit to me, I will listen to the claims of Bolivia and call your country so that it may be considered as a constituent part in solving the case of the Pacific." In reply, I beg to explain to Your Excellency that the invitation which I had the honor to address to the Governments of Peru and Chile does not contemplate a hearing before me or before the Government of the United States of the matters in controversy between those governments.

Having noted in the telegrams recently exchanged directly between the Governments of Chile and Peru [1] that the idea of a meeting of representatives of the two countries for the purpose of reaching a settlement of the difficulties growing out of the unfulfilled provisions of the Treaty of Ancon, either directly or by arbitration, seemed acceptable in principle to both, I invited them to send representatives to Washington for this purpose. This invitation, I am happy to state, has been accepted, and I am informed that representatives of the two countries will soon be appointed to meet in Washington for the purpose of arriving at a settlement, or a means of settlement, by direct negotiations between themselves.

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[1] See *Foreign Relations*, 1921, vol. I, pp. 248 ff.

Your Excellency will readily understand from the foregoing that the inclusion of Bolivia in the discussion of the questions at issue between the Governments of Peru and Chile is a matter for the exclusive consideration of the two Governments concerned, and that in the circumstances I am precluded from taking the initiative you suggest.

I deeply appreciate the friendly sentiments of Your Excellency's telegram and beg to assure Your Excellency of the great interest of Government and the people of the United States in the welfare and prosperity of the country over whose destinies you so worthily preside.

I beg [etc.] WARREN G. HARDING

723.2515/827 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

LIMA, *January 27, 1922—noon.*

[Received 1:45 p. m.]

2. The Minister for Foreign Affairs is ready to withdraw the reply of the Peruvian Government, the translation of which was sent to you in my 96, January 19, 7 p. m. and to replace it with another one in the exact terms of the first note but omitting the words "ajustado por el gobierno de los Estados Unidos (adjusted by the Government of the United States)." Is this satisfactory? Rush reply.

STERLING

723.2515/827 : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

WASHINGTON, *January 27, 1922—3 p. m.*

8. Arrangement stated in your 2 January 27 noon will be satisfactory to the Department. Telegraph when new note received.

HUGHES

723.2515/830 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

[Paraphrase]

LIMA, *January 28, 1922—2 p. m.*

[Received 7:26 p. m.]

3. English translation of previous note of acceptance withdrawn and new substitute note received. The number and date are the same, and with the deletion of the phrase "adjusted by the Government

of the United States" the phraseology of the two notes is exactly the same.

I believe that the Peruvian Government would be gratified if neither note were published, and if possible I urge that their wishes be respected.

STERLING

723.2515/823 : Telegram

The Secretary of State to the Ambassador in Chile (Collier)

[Paraphrase]

WASHINGTON, *January 30, 1922—4 p. m.*

12. Your telegram no. 16.[2] Send by mail the note to which you refer.

Inform the Government of Chile that Peru has accepted the President's invitation, and suggest informally and orally that the next step to be taken is to decide upon the number of plenipotentiaries and the date of their meeting here. Inquire whether the two Governments will arrange these details through their diplomatic representatives here. This course would be the most practicable, the Department believes, but if desired, it is willing to be of service in this connection. The plenipotentiaries, it should be understood, will not be accredited to this Government in any way.

The Department presumes that there has been made public in Chile the President's reply to the President of Bolivia, wherein he declined to take the initiative in having Bolivia included in the conference in Washington between representatives of Chile and Peru.

The Department has sent a similar instruction to the Embassy at Lima.

HUGHES

723.2515/830 : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

[Paraphrase]

WASHINGTON, *January 30, 1922—4 p. m.*

10. Your January 28, 2 p. m. The simple announcement that Peru and Chile have both accepted the President's invitation has been made, but the Department has not published and will not publish the replies received from either Government.

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[2] Not printed; it stated that a substitute confidential note had been received from the Chilean Government.

[The remainder of the telegram is the same, *mutatis mutandis*, as telegram no. 12 to the Ambassador in Chile, *supra*, beginning with the second paragraph.]

HUGHES

723.2515/871

The Ambassador in Chile (Collier) to the Secretary of State

No. 75 SANTIAGO, *January 31, 1922.*

[Received March 8, 1922.]

SIR: In conformity with the instructions of the Department, I have the honor to transmit herewith a copy and translation of a confidential Note from the Chilean Minister for Foreign Affairs on the subject of the unfulfilled provisions of the Treaty of Ancón, which was furnished to me on the 19th[?], instant, in substitution for another communication, a free translation of which was transmitted to the Department by telegraph on that date.[3]

I have [etc.] WM. MILLER COLLIER

[Enclosure—Translation]

The Chilean Minister of Foreign Affairs (Barros Jarpa) to the American Ambassador (Collier)

SANTIAGO, *January 19, 1922.*

MR. AMBASSADOR: With reference to my Note of today's date, No. 116,[4] my Government being desirous of removing in the future all doubt regarding the spirit in which it will avail itself of the invitation of Your Excellency's Government transmitted in your Note of the 18th, instant, I am pleased to inform Your Excellency that the acceptance by Chile of this suggestion is based on the principle, in its opinion fundamental, of the validity of the Treaty of Peace with Peru of 1883 and of the immutability of the consequences of the War of the Pacific, as has been pointed out to the Secretary of State of the United States by the Chilean Ambassador at Washington and to Your Excellency by the undersigned.

I avail myself [etc.] ERNESTO BARROS J.

723.2515/833 : Telegram

The Ambassador in Chile (Collier) to the Secretary of State

[Paraphrase]

SANTIAGO, *January 31, 1922—5 p. m.*

[Received 11:50 p. m.]

18. Your 12, January 30, 4 p. m. I have notified the Minister of Foreign Affairs of Peru's acceptance. He told me confidentially that

[3] See the Ambassador's telegram no. 8, Jan. 19, 1922, 10 p. m., p. 451.

[4] Quoted in the Ambassador's telegram no. 6, Jan. 19, 1922, 8 p. m., p. 450.

Chile will within 2 days announce the appointment of Carlos Aldunate Solar, chief of the Conservative Party, and of Luís Izquierdo, the Chilean Minister to Argentina, as delegates to the meeting in Washington. They prefer that the date be fixed by President Harding, and suggest the last half of March. The President's reply to the telegram from the President of Bolivia has been published here, and commented on editorially as indicating that the only questions to be arbitrated are those which have grown out of the Treaty of Ancón, to which Bolivia was not a party.

Tomorrow the Minister of Foreign Affairs will leave for Tacna to consider questions of administration and to investigate the Peruvian charge of unjust expulsions. He will be away for 10 days.

COLLIER

723.2515/855 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

LIMA, *February 24, 1922—noon.*

[Received 2:55 p. m.]

14. Senate confirmed last night appointments of Melitón F. Porras and Hernán Velarde as plenipotentiaries and Solon Polo as counsellor of the delegation to the Washington meeting. Porras cannot arrive in Washington before April 15th, Foreign Office therefore requests, as stated in Embassy's telegram 11, February 11,[5] that Department of State arrange meeting on a date between 20th to 30th of April.

STERLING

723.2515/903a : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

[Paraphrase]

WASHINGTON, *April 13, 1922—2 p. m.*

34. Señor Velarde, who has just arrived in New York, will sail for Peru April 15. The Department has no definite information in regard to Dr. Porras' plans other than the report that he will arrive New York about April 18. The Chilean delegates will arrive here next week. If the delegates are to be required to wait for Velarde to go to Peru and return the Department feels that this delay would be fatal to the success of the conference. Impress the Department's opinion upon the Peruvian Government that the con-

[5] Not printed.

ference should open as soon as possible and that the delegates should therefore remain in this country. Explain that, having invited delegates to come to Washington, the United States is very deeply interested in the success of the conference, and if, through an unfortunate misunderstanding, the success of the conference should be jeopardized by seeking to compel the Chilean delegation to remain here 6 weeks waiting for it to open, this Government would be very much disappointed.

HUGHES

723.2515/904 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

[Paraphrase]

LIMA, *April 14, 1922—2 p. m.*

[Received 8:10 p. m.]

34. Your telegram no. 34, April 13, 2 p. m. I saw the President this morning, in the absence of the Minister of Foreign Affairs. He explained that it had been arranged that Velarde should transship at Colón for Lima, but that having missed connections he had gone to New York as the quickest route to Peru. It was very desirable, the President stated, that Velarde should report to Lima for instructions, but in view of the Department's feeling that any delay might jeopard the success of the conference, he is cancelling Velarde's orders. Instructions would be cabled immediately, he promised, for Velarde to remain in the United States. Porras will sail for New York from France on the 18th of April. The counsellor to the delegation, Señor Polo, is *en route*, and should arrive in the United States by April 25.

STERLING

723.2515/905a : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

[Paraphrase]

WASHINGTON, *April 19, 1922—6 p. m.*

36. The Department is informed through the Peruvian Embassy here that Dr. Porras has again postponed sailing and will leave April 26. The Department feels that the delay caused in this manner would be very unfortunate, and the impression created would be most undesirable, in view of the fact that the Chilean delegation is already here. Inquire discreetly, therefore, as to whether it will be

possible for the Peruvian Government to instruct Dr. Porras to obtain an earlier sailing, or at least that his departure be not again postponed.

HUGHES

723.2515/906 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

[Paraphrase]

LIMA, *April 21, 1922—1 p. m.*

[Received 11:50 p. m.]

36. Your no. 36, April 19, 6 p. m. The Grace steamer *Santa Teresa* leaves here the 26th instant with Ambassador Pezet on board due to arrive May 8 in New York. He carries the Government's instructions to the Peruvian delegates which would have been given to Velarde had he come to Lima as planned. Inasmuch as until Pezet arrives, the delegates will be without either instructions or credentials, it is of no advantage that Porras sail before the 26th; I did not, therefore, urge his earlier departure. The Minister of Foreign Affairs, however, has given me positive assurance that Porras will not again postpone sailing, and that the delegates will be assembled and prepared for the conference at a date not later than May 15. If this date can be definitely fixed, the Minister would be glad to be so informed immediately.

STERLING

723.2515/906 : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

[Paraphrase]

WASHINGTON, *April 24, 1922—4 p. m.*

37. Your no. 36, dated April 21, 1 p. m. The Department feels that it is extremely unfortunate that so long a delay has occurred, as it may prejudice the success of the conference at the outset. If the conference should not begin before May 15, the Chilean delegates will have been kept waiting for nearly one month.

In view of the fact that Ambassador Pezet arrives May 8, the Department believes that May 10 could be the date of the formal opening of the conference. Convey the foregoing informally to the Government of Peru, and inquire as to whether this date is agreeable.

HUGHES

723.2515/905

The Secretary of State to the Peruvian Chargé (Prada)

The Secretary of State presents his compliments to the Chargé d'Affaires ad interim of Peru, and has the honor to acknowledge the receipt of his note of April 30, 1922,[6] to the effect that the delegates who will represent the Government of Peru at the Conference to be held with the delegates of the Chilean Government, are to arrive in this city in the near future, and that no objection is perceived on the part of the Peruvian delegation to opening this Conference on the 12th of May next.

This information will be transmitted to the Chilean Embassy in Washington, with a view to fixing May 12th as the date for the opening of the Conference.[7]

WASHINGTON, *May 4, 1922.*

723.2515/931a : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

[Paraphrase]

WASHINGTON, *May 20, 1922—1 p. m.*

43. The Department has received information which indicates that the Government of Peru intends to raise the question of the return of the Province of Tarapacá at the next meeting of the conference. You will request an audience with President Leguía at once and impress upon him the apprehension that this reported intention of Peru has caused the Government of the United States, as it is felt to be entirely inconsistent with the definite understanding which brought about the conference. This Government's invitation and the acceptance of the Government of Peru made clear the fact that the conference was to deal with "the unfulfilled provisions of the Treaty of Ancon." Had this not been made clear, the Government of the United States would not have extended the invitation. The assurances which you report in the last paragraph of your telegram of January 19, 7 p. m.,[8] were that the Government of Peru accepted fully the views of this Government in regard to the purpose of the conference.

You are to impress upon President Leguía the fact that this Government is convinced that a demand made by Peru that the

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[6] Not printed.

[7] This date was accepted by the Chilean Ambassador, but was later changed to May 15 by agreement between the Chilean and Peruvian Ambassadors.

[8] *Ante*, p. 449.

Province of Tarapacá be returned to her can only bring about the complete failure of the conference, and that the Government of Peru would be solely responsible for this failure. The Government of the United States cannot believe that President Leguía, who by accepting this Government's invitation has demonstrated his lofty and patriotic spirit of conciliation, will wish now to assume, in the eyes of other nations, this responsibility. It should be understood that in an effort to bring forward demands which are outside the scope of the invitation to the conference the Government of Peru cannot expect any aid or support from the United States, nor can the Peruvian Government be relieved of the consequences of action leading to the disruption of the conference.

HUGHES

723.2515/933 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

[Paraphrase]

LIMA, *May 21, 1922—9 p. m.*
[Received May 22—11 a. m.]

44. Your no. 43, of May 20, 1 p. m. The President stated to me that it is Peru's contention that the Treaty of Ancón has been violated by Chile's nonfulfillment of certain of its clauses, and that by reason of this nonfulfillment the whole treaty had consequently been nullified. It is in this sense that the Peruvian delegates have been instructed, and the President assured me that they have not been instructed to demand the return of Tarapacá.

The President regards the invitation as extended as an invitation to Peru and Chile to settle their existing difficulties or to arrange for their settlement by arbitration and [as not?] limiting the conference solely to the discussion of the article in the treaty which deals with Tacna-Arica. He gave as an example Chile's recent incorporation into Tacna of Tarata, a province whose boundaries have always been disputed, for although this point has nothing to do with a discussion of the nonfulfillment of the provisions of the treaty yet it is vital to the question as a whole.

I am certain in my own mind that the President desires most sincerely a successful issue in Washington, but it must be remembered that the Peruvian Congress has voted the Treaty of Ancón to be null and void, and that the Government has committed itself to arbitration as a solution of the dispute.

STERLING

723.2515/933 : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

[Paraphrase]

WASHINGTON, *May 23, 1922—11 a. m.*

44. Your telegram no. 44, May 21, 9 p. m. You are instructed to inform President Leguía of this Government's great disappointment over the Peruvian Government's action in bringing forward the contention that the Treaty of Ancón has been nullified by the non-fulfillment of certain of its clauses. The delegates of both Peru and Chile were invited to come to Washington for the purpose of discussing the unfulfilled portions of the treaty, following Peru's express disclaimer, in her last direct communication with Chile, of any desire to submit the consequences of the War of the Pacific to arbitration. It is difficult to see how the stand now taken by Peru can be regarded otherwise than as an attempt to reopen the whole question of the results of that war. You will again recall, in this connection, the assurance given by the Peruvian Minister of Foreign Affairs in your telegram of January 19, 7 p. m., that the Government of Peru would not insist on the revision of the whole treaty.

The Government of the United States is convinced that the Government of Peru, by its insistence on the position taken regarding the nullification of the treaty will not only jeopard the success of the present conference but will make very difficult any agreement between Chile and Peru for the arbitration of their differences should the present conference fail. The Government of the United States feels compelled to state to the Government of Peru that it could not be expected to use its good offices for the purpose of bringing about such an agreement, if the Government of Peru persists in maintaining its stand, which is felt by this Government to be entirely inconsistent with the understanding upon which this Government based its invitation last January and upon which the Chilean delegates came to the conference. As it has already said, this Government feels that upon Peru alone the responsibility would rest for the failure of the present effort to bring about an understanding.

HUGHES

723.2515/943 : Telegram

The Minister in Bolivia (Cottrell) to the Secretary of State

[Paraphrase]

LA PAZ, *May 24, 1922—noon.*

[Received 8:55 p. m.]

21. The Minister of Foreign Affairs at a conference yesterday afternoon asked me to submit to you, and through you to the President,

that Bolivia considers the question which is to be discussed at the conferences in Washington one in which all three participants in the War of the Pacific, from which the present disputes emanated, should take part; and that no lasting settlement can be effected unless all three countries participate in the Washington conferences. Moreover, he states, Bolivia suffered most from that war, because of the loss of her entire maritime coast, and should, therefore, be given the opportunity to discuss her cause in the present conference, which seems to afford an excellent opportunity to present her claims.

COTTRELL

723.2515/945 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

[Paraphrase]

LIMA, *May 25, 1922—8 p. m.*

[Received 11 p. m.]

49. As reported in my 48, May 24, 2 p. m.,[9] I had an interview yesterday with the President, and this afternoon I saw the Minister of Foreign Affairs, who stated that it was decided at a meeting of the Council of Ministers and of the Diplomatic Committee of the Congress that the Government of Peru accepts the views of the Department of State. The delegates to the conference will confine themselves to the unfulfilled portions of the treaty and will not be instructed to present the claim that the treaty has been nullified, but are to contend that article 3 has been violated and cannot now be fulfilled. It would seem from our conversation that the Minister expects disagreement with Chile over this article to precipitate arbitration and that all claims that Chile has violated the treaty will thereupon be brought up.

STERLING

723.2515/943 : Telegram

The Secretary of State to the Minister in Bolivia (Cottrell)

WASHINGTON, *May 31, 1922—4 p. m.*

10. Your May 24th, noon.

You will inform the Government of Bolivia that the question of Bolivia's participation in the discussions which are now being carried on between Chile and Peru, and which relate to questions arising out of a treaty of which these two countries were the only signatories, is a matter for the exclusive consideration of the two coun-

[9] Not printed.

tries concerned, and the Government of the United States regrets that it feels unable to take any initiative in this matter.

HUGHES

723.2515/1333

Memorandum by the Secretary of State of a Conversation with the Peruvian Ambassador (Pezet), June 7, 1922

The Ambassador called on the Secretary at 1529 Eighteenth Street at 6.30 p. m., and said that the Peruvian Government thought that it had made a very fair proposal for the arbitration of the Tacna-Arica controversy; that Chile had made a very unsatisfactory reply and that a deadlock had been reached; that it was the understanding that the Ambassadors should respectively state their cases to the Secretary. The Peruvian Ambassador had asked for an appointment because he was leaving for New York, and he supposed the Chilean Ambassador would call on the next day. The Ambassador left with the Secretary memoranda of what had taken place,[10] which are annexed. The Secretary made no comment, saying that he did not desire to make any suggestion until he had heard from both Governments and understood fully the entire situation.

[Annex]

Statement by the Peruvian Delegation

In to-day's session the Chilean Delegation declared that it did not accept the Peruvian proposals—wherein arbitration is proposed to determine whether, under present circumstances, a plebiscite should or should not be held, to decide to whom possession of the provinces of Tacna and Arica should be given, and under what conditions,—and proposed that the Government of the United States, as arbitrator, should decide upon the third point alone of the Peruvian proposition; that is to say, to decide upon the conditions for the holding of the plebiscite.

The Peruvian Delegation, while accepting of course the choice of the arbitrator, regrets that the Chilean Delegation should have given an unfavourable reply to its conciliatory proposition, in which due regard was given to the aspirations of both countries. The Peruvian Delegation considered that the Chilean Delegation maintained a point of view which left out of account all feelings of concord and justice, since its decision implies the intention of overlooking present circumstances and also the consequences of the actions of the Chilean authorities during the 28 years which have elapsed since the date

[10] Only one memorandum has been found in Department files.

upon which the plebiscite should have taken place, as well as a disregard for Peru's right to demand that an impartial judge should examine the case fully.

The Peruvian Delegation therefore, maintained in its entirety its proposals as formulated on the 27th. of May.[11]

723.2515/965 : Telegram

The Chargé in Chile (Martin) to the Secretary of State

[Paraphrase]

SANTIAGO, *June 14, 1922—4 p. m.*
[Received 11:27 p. m.]

52. I respectfully request that the following unofficial and confidential message from President Alessandri, here transmitted in translation, be delivered at once to President Harding:

"The President of the United States, the White House. Emboldened by the benevolence which Your Excellency has shown in private correspondence, and relying on the ideals of fraternity and justice which unite us, I again take the liberty to acquaint you with my sentiments by addressing you personally at a time which is vital to the peace of America. To remove old grievances, and in a true spirit of concord, I conveyed a direct invitation to Peru to end our dispute on the bases of universal principles of justice and of solemn treaties. This effort, unfortunately, did not achieve the success which we expected, but it was generously echoed in the sentiments of peace and humanity set forth in Your Excellency's invitation to a conference at Washington, which we unhesitatingly accepted, confident that peace between Chile and Peru would be cemented by Your Excellency's good offices. At the conferences I made Peru five propositions of agreement which reflected the spirit of conciliation of my country, but all were rejected.

By granting to the inhabitants of Tacna and Arica the right to be heard when the disposal of their sovereignty is involved, a right which neither Chile nor Peru can deny them, all these propositions, which are based on universal principles, contemplate the fulfillment of the Treaty of Ancón, and are in accord with your invitation. I am profoundly discouraged by Peru's opposition, which threatens to nullify Your Excellency's noble efforts and to revive hatred between two sister republics. I have the honor to ask that, in the name of continental concord, Your Excellency take a personal interest in the proposal which our Ambassador will make to the Secretary of State of the United States in order that this ideal of peace shall not perish. I cordially greet Your Excellency. Arturo Alessandri."

MARTIN

[11] See paragraph 3 of the memorandum of June 15, 1922, from the Chilean Embassy, p. 472, and article 1 of the supplementary act of July 20, 1922, p. 506.

723.2515/1334

Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador (Mathieu), June 16, 1922

The Chilean Ambassador called pursuant to appointment and left with the Secretary a memorandum,[12] in Spanish, stating the course of the proceedings at the Conference and the difficulties which had been encountered. The Ambassador did not ask for the good offices of the Secretary, but said that he was simply instructed to give him information as to the state of affairs. As it was evident that the Ambassador desired to talk informally and to have any suggestions that the Secretary might care to make, the Secretary said that he was glad to receive the information, and that if in a personal and informal way he could be of assistance he should be glad to give it. The Ambassador then spoke of the tentative suggestions that had been outlined in conversations between Dr. Izquierdo and Dr. Porras. The Ambassador said that these had not been submitted to the Chilean Government. As the Peruvian Government had refused them there was no occasion for such submission, but that so far as Dr. Izquierdo and Dr. Porras were individually concerned they had been able to reach this basis. The Secretary asked for a copy of this tentative arrangement. The Ambassador said that Dr. Rowe had one and that he would have it sent to the Secretary. The Secretary made it clear that he would like to take it up in a wholly individual way and that he and the Ambassador could discuss the matter quite frankly in order that, if possible, means of solving the problem could be considered. The Ambassador said that this was exactly what he desired and expressed the opinion that it was very important that this should be done as this was now the "only hope" of reaching a settlement.

In the course of the interview, in referring to the Peruvian suggestion that the question should be arbitrated whether a plebiscite could be held, the Ambassador said that Chile had always insisted that the plebiscite should be held and that this was the way of carrying out Article 3 but that there was no objection on Chile's part to Peru arguing before the arbiter against the view that the plebiscite should be held. The Ambassador further stated that Chile could not consider the submission to arbitration of the question of the disposition of the territory.

It was then arranged that there should be a further interview on the following day.

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[12] *Infra.*

[Translation [14]]

The Chilean Embassy to the Department of State

MEMORANDUM

1. The Embassy of Chile believes that the time has come to inform the Department of State of the present condition of the Chilean-Peruvian negotiations, since the delegation of Chile is compelled to regard as exhausted its efforts to arrive at a direct agreement with the delegation of Peru.

2. The delegation of Chile, in the course of the meetings, proposed five formulas for a solution, within which, in the opinion of its Government, the only subject of discussion between the two countries has always been, namely, the conditions under which the plebiscite stipulated in article 3, not yet executed, of the Treaty of Ancón should be executed. The five formulas of Chile were flatly rejected by the delegation of Peru. They are as follows:

(*a*) Carry out the plebiscite in accordance with the agreements of the Huneeus-Valera negotiations of 1912; [15]

(*b*) Carry it out in accordance with the counter proposal submitted by Señor Porras as Minister of Foreign Affairs of Peru to the Legation of Chile at Lima, under date of November 5, 1909,[16] together with the modifications suggested by the delegates of Chile;

(*c*) Submit at once to arbitration all the conditions of the plebiscite over which there may have been no previous agreement between the two Governments, or concerning which there may have been conflicting propositions;

(*d*) Begin a discussion of the bases of the plebiscite without reference to any previous negotiations, points of disagreement being referred to arbitration;

(*e*) Concurring in the purpose manifested by the Peruvian delegation to seek the way to execute article 3 of the Treaty of Ancón, and considering that the first proposition of its formula subjects to the possibility of elimination the judicial principle of consulting the inhabitants of Tacna and Arica for a decision as to the final sovereignty over those territories, under circumstances requiring that consultation by universal law and as set forth in a treaty the full force and observance of which form the foundation of the American invitation, the Government of Chile accepts the third proposition of the Peruvian formula and proposes to the Government of the United States that it fix the form in which the plebiscite consultation is to be made.

The propositions *a*, *b*, *c*, and *d* were offered as optional to the Peruvian delegation. Proposition *e* was made as a counter proposal to formula *b* proposed by the delegation of Peru.

[14] Filed separately under file no. 723.2515/968; file translation revised.
[15] See *Foreign Relations*, 1913, pp. 1224 ff.
[16] *Ibid.*, p. 1174.

3. The delegation of Peru, for its part, has proposed the following two formulas:

(*a*) That article 3 of the treaty be applied so as to establish a presumption of the will of the inhabitants of Tacna and Arica in 1894, and that that will being known, the plebiscite be regarded as having been held and the provinces be returned to Peru;

(*b*) For the purpose of determining the manner in which the stipulation in article 3 of the Treaty of Ancón should be carried out, let the question be referred to arbitration as to whether or not it is proper under the present circumstances to put the plebiscite into effect. If it is not proper, to which country does the final sovereignty over Tacna and Arica belong and under what conditions? If it is proper, under what conditions shall the plebiscite be carried into effect?

4. The delegation of Chile regrets its inability to accept either of the two formulas of the delegation of Peru because it believes that they are not intended to carry out the Treaty of Ancón, besides departing from the terms of President Harding's invitation, which were accepted by the two Governments and which, in the opinion of the Chilean delegation, established a tacit agreement regarding the matter open to discussion in this conference and upon the question of eventual arbitration contemplated in the same invitation.

5. The Embassy of Chile, in placing on record the failure of the efforts of the delegation of its country towards reaching the agreement sought, renews, in the name of its Government, its offer to accept any formula of solution that is kept in conformity with the execution of the treaty and with the conditions of President Harding's invitation.

WASHINGTON, *June 15, 1922.*

723.2515/1335

Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador (Mathieu), June 17, 1922

The Chilean Ambassador called pursuant to appointment. The Secretary said that he had given very close attention to the Ambassador's memorandum [17] and that, as he had stated the day before, he would like to discuss the matter in a wholly informal and personal way. The Secretary said that in exploring the situation he had endeavored to see what was the permissible area of discussion, that is, where were the points of irreconcilable difference and what points admitted of adjustment. So far as Peru was concerned, he had felt that Peru could not contend that the Treaty of Ancon was

[17] *Supra.*

[a nullity] and demand the return of Tarapacá; that it was quite evident that such a demand would frustrate all the efforts at adjustment as Chile could not concede such a proposition. On the other hand, it was evident to the Secretary that if Chile insisted that there was nothing to be done but to have a plebiscite under Article 3 of the Treaty of Ancon, no agreement would be reached as Peru would never yield to such a contention. The Secretary said that he did not intend to deal with the merits of that question, as that was a matter which would require very close study and an appreciation of many facts, but that he was simply pointing out that it was a question and had been long in controversy and that if Peru [*Chile?*] insisted that it could only be determined in one way—by holding a plebiscite—such an attitude would, the Secretary believed, terminate the negotiations without result. The Secretary said that when Peru proposed that the question should be arbitrated whether under existing circumstances there should be a plebiscite, he felt that the suggestion was a wholly reasonable one; that this was the question in dispute and as the parties could not agree it should be submitted to arbitration and was susceptible of determination in this manner. The Secretary said that he understood that Peru had proposed that, if the Arbiter decided the plebiscite should be had, he should also determine the manner in which it should be had and this was manifestly a fair proposal. These points, then, in substance, of the Peruvian proposition—the Secretary did not undertake to comment on the form of the proposal—seemed to be well taken. The Secretary also understood that Peru, contemplating the possible contingency of a decision that the plebiscite could not be held had proposed that in that event the arbiter should decide what should be done with the territory in question. The Secretary said that this was a natural and reasonable suggestion from the standpoint of Peru, for if Peru was willing to take the chances on the decision of the arbiter that a plebiscite should be had, and to accept the arbiter's decision as to the way in which it should be held, it was natural that Peru should ask Chile to agree that if the Arbiter decided against the plebiscite he should determine what should be done with the territory and thus end the long-standing controversy. The Secretary said that it was very important that the matter should be finally disposed of and if Chile were willing to accept such a proposition this would be a manner of effecting a final adjustment. The Secretary said, however, that he realized that Chile might take the position that if the arbiter should decide against the holding of a plebiscite the disposition of the territory would be a matter which could be determined only upon broad political grounds or as a matter of expediency and not according to any standards such as are usually invoked in an arbitration and that Chile might insist that

she was unwilling to confer any such broad authority even if Peru was ready to do so. The Secretary said he did not feel free to comment on the practical aspects of such an attitude, in view of the great importance of a final settlement, but that he could understand the grounds upon which such a conclusion could be reached. If Chile felt that she could not give such a broad authority, this would not, in the Secretary's view, furnish a reason why she should not agree to arbitrate the question whether or not a plebiscite should be held and the determination of this question would be of great importance, for, if it were decided in favor of the plebiscite, it could be had and the matter finally determined and if the arbiter decided against the plebiscite it would be a new point of departure and the question could be considered broadly and not subject to the conditions which had previously been raised.

The Secretary said that he had understood from the Ambassador's statements of the day before that Chile was willing to have Peru advance before the arbiter her arguments against the holding of a plebiscite and that if this were true the Secretary understood that Chile recognized that the question was one appropriate to be argued and would be appropriate to be decided.

The Secretary then took up the text of the tentative proposition which had been formulated by Dr. Izquierdo and Dr. Porras and rejected by Peru first as to the recital which was to the effect:

"The Plenipotentiaries of Chile and Peru, assembled at Washington pursuant to the invitation of the Government of the United States for the purpose of determining the conditions for the fulfillment of the unfulfilled clauses of the Treaty of Ancon, have reached the following agreement."

The Secretary pointed out that Peru could not agree to the recital "for the purpose of determining the conditions for the fulfillment, et cetera," for this seemed to describe the purpose of the Conference as dealing only with the terms of a plebiscite. The Secretary suggested that as this was doubtless unacceptable to Peru the difficulty could be met by making the condition of the invitation of the Government of the United States and the recital read:

"For the purpose of considering the settlement of the long-standing controversy with respect to the unfulfilled provisions of the Treaty of Ancon."

The Secretary suggested that neither party could object to this as it was the language of the invitation which they had accepted.

Next, with regard to paragraph (*a*) of Article 1, which in the Izquierdo-Porras memorandum read:

"The difficulties relative to the fulfillment of Article 3 of the Treaty."

The Secretary observed that this also carried the idea that the question related only to the "fulfillment", that is, the holding of a plebiscite, and that doubtless for this reason was unacceptable to Peru. The Secretary suggested the following:

"The questions arising out of the unfulfilled provisions of Article 3 of the Treaty of Ancon."

He pointed out that these questions which necessarily arose as the controversy proved was first whether a plebiscite should be held and if so in what manner. These were substantially the two points of the Peruvian proposal.

The Secretary then said that to avoid the inference that it was intended to submit to the arbiter the broad discretion to decide how the territory should be dealt with in case he held against the plebiscite the Governments of Chile and Peru might exchange notes stating that it was not intended to give this authority and that in case it were decided by the arbiter that a plebiscite should not be held that the question of the disposition of the territory should remain one for negotiation between the two Governments. The Secretary said that the long-standing controversy with regard to the plebiscite would thus be ended and if the contingency occurred that the decision was against the holding of a plebiscite the situation would be that neither party would have title to the territory in question and it would be a subject for negotiation upon broad grounds. The Secretary said that in this event he desired to say, personally, that this Government would be very glad either by itself or associated with it [*sic*] the Governments of Argentina and Brazil to use their good offices in a manner acceptable to Chile and Peru to aid in the settlement of the problem as to the suitable disposition of the territory.

The Ambassador took notes of the Secretary's suggestions and expressed himself as hopeful that something might be done. The various points were reviewed and discussed simply in elaboration of what is stated above. . . .

723.2515/1336

Memorandum by the Secretary of State of a Conversation with the Peruvian Ambassador (Pezet), June 21, 1922

The Peruvian Ambassador called at the request of the Secretary. The Secretary referred to the interview with the Ambassador on June seventh at which the Ambassador left with the Secretary a memorandum [18] with respect to the state of the conference, of negotiations and the attitudes of Peru and Chile, respectively. The

[18] See memorandum of June 7, 1922, by the Secretary of State, and annex thereto, p. 469.

Secretary said that a memorandum covering the same matters had been left with him by the Chilean Ambassador.

The Secretary said that he desired to furnish any assistance within his power and to this end thought it advisable that he should speak in an entirely personal and informal way. The Secretary said that he had given the matter very close study, endeavoring in the first place to appreciate the points of absolute difference and the area within which there could be discussion with a prospect of agreement. For example, when Peru took the position that the Treaty of Ancon should be regarded as a nullity and Tarapacá returned to Peru, it was at once apparent that if this position were maintained nothing could come of the negotiations; that this meant an entire failure of the conference. On the other hand, the Secretary was impressed with the fact that the Chilean position that there was nothing to determine but the method of holding the plebiscite under Article 3 of the Treaty could not be maintained; he assumed that if this position were maintained nothing could come of the conference. The Secretary said that he had carefully considered the proposition made by Peru that the question should be submitted to arbitration, whether under existing conditions a plebiscite should be had and, if so, under what conditions. He thought this entirely reasonable, that this had relation to the actual question in controversy. The Secretary said that he also appreciated the friendly spirit that had led Peru to propose further that if the arbitrator should decide that a plebiscite under existing conditions should not be had the arbitrator should then proceed to decide as to the disposition of the territory in question. The Secretary said that this was a reasonable position from the standpoint of Peru for entertaining the view that the plebiscite should not be had Peru naturally looked to the ultimate solution of the problem as to the disposition of the territory, and that, of course, it was extremely desirable, if possible, that the whole controversy in the supposed contingency should be ended. The Secretary pointed out that, however desirable such a solution from a practical standpoint would be, there were theoretical objections that could be raised to an arbitration having so broad a scope. It could be pointed out that never had an arbitrator been vested with any such broad authority; that there was no juridical authority that could determine the disposition of the territory; that the arbitrator would be left to his own will without any standard which could be invoked; and that while it could be supposed that the arbitrator would act with good judgment and a sense of equity it might easily be rejected [*objected?*] by a country which was asked to assent to an arbitration that it could not take the chance of an arbitrary or capricious decision and submit a matter to arbitration when there were no principles of decision which would apply.

The Secretary pointed out that if it were impossible to reach an agreement in the conference it was extremely important that the failure should not be ascribed to the making of a demand which could not be theoretically justified and that if Peru insisted upon such a broad submission to arbitration in the supposed contingency of the arbitrator's holding that a plebiscite should not be had it would be a comparatively easy matter for Chile to justify her refusal and decide that she could not be asked to subscribe to such a broad submission. It would be easy for Chile, if the government desired to refuse such a settlement, to maintain her position before the world, and while it was important that the whole controversy should be solved, and while an agreement might be made for the disposition of the territory, if the plebiscite could be had, it was a different thing to insist as a *sine qua non* that this matter should be left to an arbitrator. The Secretary said also that it would be to the advantage of Peru and to both countries not to attempt so much, or to insist upon so much as to cause a failure of the entire negotiations.

The Secretary said that he had taken as a basis for considering [*consideration?*] what he understood had been a tentative arrangement suggested in interviews between Dr. Porras and Dr. Izquierdo. The Secretary read the recital of the purpose of the conference as follows:

"For the purpose of determining the conditions for the fulfilment of the unfulfilled clauses of the Treaty of Ancon."

He said that he understood that this was objected to by Peru and he appreciated fully the grounds for that objection for the recital was inadequate and seemed to indicate that the purpose of the conference was merely to determine the conditions of the plebiscite. The Secretary suggested that in lieu of this recital the following should be used:

"For the purpose of considering the settlement of the long-standing controversy with respect to the unfulfilled provisions of the Treaty of Ancon."

The Secretary said that this followed the language of the invitation. The Secretary said that he understood that Peru objected also to Article (*a*) of paragraph 1 of the Porras-Izquierdo proposal which was as follows:

"The difficulties relating to the fulfillment of Article 3 of the Treaty."

The objection, the Secretary thought, was well taken. He suggested the following substitute:

"The difficulties arising out of the unfulfilled provisions of Article 3 of the Treaty of Ancon."

The Secretary said that this embraced the question whether under existing conditions a plebiscite should be had and if so the terms and conditions of the plebiscite. It should also be understood that the arbitrator should not be empowered, in case it were decided that the plebiscite should not be held, to go on and dispose of the territory in any manner he saw fit. This understanding could be reached by an exchange of notes. In this contingency the matter of the disposition of the territory would be open to direct negotiations. The Secretary added that speaking for himself he believed that the United States would be very glad to use its good offices either alone or in conjunction with Argentina and Brazil in a manner acceptable to both Peru and Chile to aid in bringing about a proper disposition of the territory in the contingency supposed.

The Ambassador thanked the Secretary and reviewed in a general way the history of the negotiations as stated in the memorandum which he left with the Secretary on June 7. He also emphasized the importance of having the entire controversy settled and said if it were held that a plebiscite should not be had and the matter was taken up by direct negotiations he feared that the negotiations would be prolonged and that no result would be accomplished; that he thought what was needed was pressure by the United States to induce a complete settlement at this time. The Secretary said that it would be a great victory for Peru to have Chile agree to submit to arbitration the question whether a plebiscite should be had; that Chile had never up to this time indicated her willingness to arbitrate a question of this sort; that this was the initial problem; that if Peru in her desire to get more should make impossible such a disposition of the controversy she would gain nothing by it. On the other hand, if the United States used its influence in suggesting that Chile should submit to arbitration the broad question of the disposition of the territory, in the event that a plebiscite could not be had, it would take a position that it would be difficult to defend and [it would be] quite easy for Chile to resist an appeal to the public opinion of the world as, for the reasons already stated, no country could be required to give such a broad submission to arbitration when no principles could be invoked.

The Secretary said that the Ambassador should remember that in case it were held by a combined decision that the plebiscite should not be had an entirely new situation would arise; that up to date Chile had retained possession under the Treaty and the discussion had been about a plebiscite; but that if it were decided that finally a plebiscite should not be had no nation could afford to merely make arbitrary disposition of the territory and refuse to enter into negotiations with respect to its decision; that the elimination of the dis-

cussion as to the provisions of the Treaty with respect to the plebiscite would be an enormous gain either by having the plebiscite held in case the arbitrator decided in its favor or through having it determined that there should be no plebiscite would [*and?*] would require the nations to negotiate with respect to territory belonging to neither of them.

The Secretary said that while he quite agreed with the Ambassador that the whole controversy should be disposed of at this time, still, it must be remembered that this could not be accomplished except by agreement and that it would be foolish to prevent any agreement being obtained by asking too much; that one step should be taken at a time and that the clear step now to be taken was the disposition of the controversy over the plebiscite. The Secretary said he would be very glad if the parties were able to agree upon something further. The Secretary called attention to the fact that this was not the beginning of the conference; that if it were, the Secretary would advise both parties most strongly to conclude the matter and leave nothing open to further negotiation. But the Secretary was advised that after weeks of effort they had made no progress whatever and that no propositions had been accepted; that he had to consider the matter in this phase; the Secretary suggested that he wished to make suggestions which could not be opposed because of their inherently reasonable character; that he did not think that Chile should oppose the submission to arbitration of the question whether a plebiscite should be had, but that if more were asked good grounds for opposition could be found.

The Ambassador suggested that the conference ought to be held in existence until the main questions were determined, so that negotiations could be immediately resumed.

The Secretary suggested that it would be entirely possible to propose that in case it were decided by the arbitrator that a plebiscite should not be had, that the parties should promise to enter into direct negotiations within a given period, and that it might be possible within that time to send their delegates to the conference in Washingon for that purpose. The Secretary stated that he felt that in that event negotiations would be necessary and that neither party could afford to refuse them. The Ambassador said he would have to consult his Government.

723.2515/1337

Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador (Mathieu), June 22, 1922

The Ambassador called at his own request. The Ambassador said that he was glad to be able to tell the Secretary that his Government

had instructed him to say that the Secretary's suggestions for the settlement of the controversy were acceptable and that the Chilean Government was ready to proceed accordingly. The Chilean Ambassador briefly recapitulated them (they were in the same sense as stated in the Secretary's memorandum of his interview of June 17).

The Secretary informed the Ambassador that he had had a talk with the Peruvian Ambassador on the subject, but did not disclose the purport of the conversation. The Secretary expressed his appreciation of the attitude of the Chilean Government and his gratification that the matter had progressed to this point. The Chilean Ambassador indicated that his Government had placed in his hands a considerable measure of discretion. The Ambassador said that it was a very difficult point for his Government to reach, because they had all along insisted that there was no question but the way of holding the plebiscite; that this was a very forward move on his Government's part which pleased him. The Secretary said that he would have further conversation with the Peruvian Ambassador and then immediately see the Chilean Ambassador.

723.2515/1338

Memorandum by the Secretary of State of a Conversation with the Peruvian Ambassador (Pezet) and the Peruvian Delegates (Porras, Velarde), June 27, 1922

Ambassador Pezet said that he had communicated to his Government the suggestions made by the Secretary to the Ambassador for the settlement of the controversy but that it had developed there were some questions of interpretation of what the Secretary said and he thought it advisable to have an interview upon this subject. The Ambassador produced a memorandum (which he did not leave with the Secretary) stating what he had communicated to his Government with respect to the Secretary's suggestions. It appeared from the Ambassador's statement that this communication followed what the Secretary had suggested so far as the recital of the purpose of the present conference and the definition of the scope of the proposed submission to arbitration were concerned, but when it came to the statement of what should follow a decision by the arbitrator, in case the arbitrator decided that a plebiscite should not be had, it appeared that the Ambassador had indicated to his Government not simply that there should be direct negotiations between Chile and Peru in that event, but that this might lead to an arbitration. The thought was apparently carried as a part of the Sec-

retary's suggestion. The Secretary at once stated that he had not suggested that there should be an arbitration in this event—quite the contrary. Peru had suggested that there should be an arbitration in that event and this might be regarded as a fair and generous proposition on the part of Peru, but because of the lack of any established principles which could govern a decision of the broad question as to the disposition of the territory in case there were no plebiscite the Secretary did not think that the demand for the arbitration of such a question could be insisted upon; hence he had suggested the only alternative that it should be the subject of direct negotiation in the endeavor to have a settlement. The Secretary had indeed said that in such an event he thought the United States Government either alone or with others would be willing in a manner acceptable to both Chile and Peru to use friendly offices to aid in the adjustment of the matter. Friendly offices were quite distinct from arbitration and instead of suggesting an arbitration in that event the Secretary had recognized that it could not be insisted upon. Hence, the Secretary felt that the Ambassador had given an impression to his Government which was not justified. The Secretary then reviewed the whole situation repeating his suggestions as he had made them to Ambassador Pezet originally. The Secretary asked Mr. Phillips [19] to come in, so that he might hear the discussion as much that the Secretary said was translated into Spanish for [*by?*] the Ambassador for the benefit of the delegates. The point was emphasized by Dr. Porras that in case they were left to direct negotiations in the event that a plebiscite were not held Chile would remain in possession of the territory. The Ambassador pointed out what he had learned was the statement made by the Chilean Government on this point in which it appeared that it had been said:

"Our view is that when it is stated that a decision of the arbitrator against the holding of the plebiscite 'shall not modify the actual status of the territory under discussion' it is thereby understood that we preserve our sovereignty over and possession over [*of*] the territory in accordance with the Treaty of 1883, which Treaty remains in full force and effect." [20]

The Secretary said that he had said nothing about "sovereignty" over the territory, and this seemed to be an effort on the part of Chile to put a gloss upon the suggestion which was like the effort which the Peruvian Ambassador had made at the other end of the line and that each party was coloring a little what the Secretary had said. The Secretary pointed out that of course if it were de-

[19] William Phillips, Under Secretary of State.

[20] Ambassador Pezet quotes the final paragraph of a telegram to Ambassador Mathieu from the Chilean Foreign Office.

cided by the arbitrator that a plebiscite could not be held the territory would remain in the possession of Chile, but this would be a temporary possession and the question ought not to be in any way embarrassed by the question of sovereignty. The Ambassador and Dr. Porras suggested that it might be well in that event to have a third party take a mandate of the territory pending the determination of the question of its disposition. The Secretary said that this was fair enough theoretically but as a practical matter it would take them as long to provide for such a mandate as it would to settle the controversy; that the Secretary was anxious to bring them to a point of agreement, so that the conference should not be in vain, but that if such a mandate should be insisted upon it would probably prevent any agreement whatever being reached. The Secretary pointed out that it would be a notable achievement for Peru to have Chile agree that the question whether a plebiscite should or should not be held should be submitted to arbitration; that it was worth while having a decision on that point. The Secretary said that if they did not reach an agreement Chile would not only retain possession but her points as well, whereas under the proposed arrangement the question in controversy as to the plebiscite would be determined and then there would be a new basis for discussion. If it were decided that there should be a plebiscite then it would be held and the question finally disposed of. If it should be decided that there should not be a plebiscite then the territory would not belong either to Chile or Peru except that it would temporarily remain under the administration of Chile until a settlement were reached and that in that event the whole question of the plebiscite being out of the way Chile would be bound in good faith to endeavor to effect a settlement and the opinion of the world would require a settlement.

The Ambassador emphasized the point that they had no assurance that Chile would enter into negotiations. The Secretary replied that Chile would be bound in good faith to enter into negotiations. The Ambassador pointed out that this might take some time, as they would be free to protract negotiations. The Secretary said that this was true but that it was an inevitable consequence of the necessity for referring the matter to negotiation. The Secretary pointed out that if they reached no agreement at all and the conference failed they would be no better off whereas if they made the submission to arbitration they would at least have so much decided and be in a better position in case the plebiscite were not held to arrange for some practicable method of disposing of the territory. In response to further observations as to the lack of assurance that Chile would enter into negotiations the Secretary said that it was entirely fair that they should agree either in their

protocol or by their notes, as they might find convenient, that they should enter promptly into negotiations within a time fixed; further, the Secretary said that he was quite willing to make the suggestion that the negotiations should be promptly conducted that both parties should agree in the event stated to send delegates to a conference for the purpose of effecting a settlement and that this conference might be held in Washington. It was understood that the Ambassador and the delegates would take the matter up further with the Peruvian Government.

723.2515/1339

Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador (Mathieu), June 28, 1922

The Ambassador said that certain questions had arisen with respect to the interpretation put upon the Secretary's suggestions, and he feared that there had been some misunderstanding. The Secretary said he did not see how there could have been any misunderstanding as he had been very clear in the suggestions he had made and had made exactly the same statements to both parties. The Ambassador said that the suggestion had been made that there should be an arbitration in case a plebiscite could not be had and that he had not understood this to be the Secretary's suggestion. The Secretary said there was no basis for any such statement; that he had not suggested that there should be an arbitration in the event—quite the contrary. The Ambassador said he had understood, in case it were decided the plebiscite should not be had, the arbitrator should not attempt to determine the disposition of the territory, but that the parties should be free to enter into negotiations on that subject. The Ambassador left with the Secretary a memorandum, in Spanish,[21] of what he had advised his Government upon this point. The Secretary said that there was no question about his suggestion that in the event stated Chile and Peru should enter into direct negotiations and, of course, this meant that they were free to negotiate. The statement, however, that they were free to negotiate at their convenience seemed to carry with it the idea that the negotiations could be undertaken or not as they pleased or could be indefinitely postponed. The Secretary said that this was not a proper construction of what he had said; that he had stated clearly that if the arbitrators decided that there was to be no plebiscite the parties would have to adjust the matter by direct negotiation, but this meant that they would be in honor bound to enter into these negotiations. It was true that they were free to

[21] Not found in Department files.

negotiate in the sense that they were not bound in advance by any agreement as to the method of the disposition of the territory which would be ultimately decided upon. It did not mean, however, that they were free not to negotiate. The territory in the case supposed would remain to be disposed of and it would not belong to either; that Chile, of course, would be in possession, but would not be in possession as a final owner but simply because it was left in her possession pending some practical disposition, the provision for the plebiscite having failed. The Secretary pointed out that Chile, being in possession, she might not be disposed to negotiate and that there might be a failure to reach a settlement because of Chile's indifference. The Secretary said he could not believe that such an attitude would be taken by Chile as she would be bound in good faith to enter into negotiations in order to effect a reasonable plan of settlement. The Secretary said, however, he thought this apprehension of Peru should be removed and that it could be removed by having the parties agree in their protocol or in an exchange of notes as they might think convenient, that they should enter into negotiations within a stated period, and that they should conduct their negotiations between a conference of delegates which could be held in Washington.

The Ambassador said that that would raise a point of great difficulty; that Chile had expected that the fact that there would be no principles to be applied in case the plebiscite were not held would constitute a powerful argument before the arbitrator that he should decide in favor of the plebiscite, and that if they agreed in the matter suggested as to what should be done in case the decision were against the plebiscite it would detract from the force of this argument. The Secretary said that he did not see that it would detract from the force of any legitimate argument that could be raised upon this point. The fact that the parties had agreed to enter into negotiations or to meet in conference for the purpose of negotiating would not necessarily assure any particular sort of agreement as to the disposition of the problem and this could be urged before the arbitrator if they desired to urge it as one of the reasons for deciding in favor of the plebiscite. Certainly they were not at liberty to urge before the arbitrator that, if a plebiscite were not decided upon, they were free to ignore the duty to negotiate and try in good faith to effect a settlement for they would not have such liberty as a matter of honor. Hence, they would not be prejudiced as to their argument before the arbitrator in any way. The Ambassador called attention to the public opinion of his country and the difficulty they would have if they were tied down in the way proposed with respect to negotiations. The Secretary called attention to the fact that there were two parties to the controversy; that each had difficulties

with public opinion in its country; and that these difficulties would have to be resolved by a reasonable agreement. The question was then: Was it reasonable for Chile to remain in possession and not bind herself to negotiate in an appropriate manner promptly with respect to the disposition of the territory in the event supposed? The Secretary did not think that this was a reasonable attitude and the Secretary pointed out that he did not desire either party to be in a position to resist the efforts at settlement upon the ground that it had been asked to commit itself to anything unreasonable. For this reason he had opposed the Peruvian suggestion for a broad submission to arbitration because he thought that Chile's answer to that suggestion that there were no principles to guide the arbitrator in the contingency supposed would be a reasonable answer. On the other hand, when the Peruvians expressed their apprehensions with respect to Chile's attitude as to negotiations, in case there were no plebiscite, he was bound to conclude that it was entirely reasonable that Chile should be asked to agree with respect to the promptness and method of their negotiations upon that subject.

The Ambassador said that he would like very much to have the Secretary give him a memorandum of the points of his suggestions and he could take them up with the Chilean delegates. The Secretary said that he would do so and accordingly sent to the Chilean Ambassador the attached memorandum on the same afternoon.

[Annex]

Memorandum of Suggestions Made by the Secretary of State [22]

1. That the recital with respect to the purpose of the present Conference should be as follows:

"for the purpose of arriving at a settlement of the long standing controversy with respect to the unfulfilled provisions of the Treaty of Ancon."

2. That the scope of the proposed submission to arbitration should be defined as follows:

"The questions arising out of the unfulfilled provisions of Article 3 of the Treaty of Ancon."

3. That the parties, to leave no question as to the exact scope of the submission to arbitration should agree by an exchange of notes, or in their protocol, as they might think convenient:

(*A*) That the Arbitrator should determine whether under present circumstances a plebiscite should or should not be held; and

[22] Marginal note by Mr. Hughes: "Sent to Chilian Ambassador on June 28/22 and returned by him to the Secretary on June 29/22 . . . C. E. H."

If the Arbitrator should decide that a plebiscite should be held, the Arbitrator should then determine completely the conditions of the plebiscite as well as the manner of holding the same.

(*B*) That in case the Arbitrator should decide that the plebiscite should not be held, the Arbitrator should not be authorized to determine the disposition of the Tacna-Arica territory—in view of the absence of juridical principles which could govern such a decision—but that the Governments of Chile and Peru should promptly, in that event, undertake the settlement of this question by direct negotiations.

It is further suggested, for the purpose of defining appropriate procedure for carrying out the last mentioned provision of the agreement, that the Governments of Chile and Peru should agree that in the supposed contingency they should undertake the negotiations within a time stated and through delegates to a conference, which, it is suggested, might well be held at Washington.

723.2515/1341

Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador (Mathieu), June 29, 1922

[Extract]

The Chilean Ambassador called with the memorandum which the Secretary had sent him the day before. The Ambassador said he had gone over the matter with his delegates and they had found certain difficulties. He then went on to explain that the suggestions made by the Secretary, as the Ambassador had understood them, had been submitted to his Government, and that his Government had accepted them, and that it was very awkward for him to submit any additional suggestions; that there were certain questions which occasioned them a great deal of trouble. He said that Señor Aldunate had drawn up a memorandum of his comments on the Secretary's suggestions. The Ambassador handed the Secretary a copy of this memorandum.[23] The Ambassador said that Señor Izquierdo had also made a memorandum of his comments,[24] but that it was in Spanish and that he would have it translated and sent to the Secretary. The Ambassador then said that he and the delegates had prepared a form of protocol expressing what they understood to be the points agreed upon.

. . . . . .

[23] Not found in Department files.
[24] Not printed.

The Secretary then took up the draft of the protocol as annexed.[25] He pointed out that the recital defined the purpose of the present Conference just as the Secretary had suggested. Also that it defined the questions to be submitted in the language suggested by the Secretary. So far there was no disagreement with the points made in paragraphs 1 and 2 of the Secretary's memorandum.

The Secretary then called attention to the provisions of the protocol that the Government of the United States should be the arbitrator. He said that he had not discussed the question who should be the arbitrator. The Ambassador said that this was assumed by both parties. They agreed that the United States should be the sole arbitrator. The Secretary said he was not prepared to commit his Government to that at present; that he desired to see what the provision would be, and that possibly it might be thought better to have a jurist or a board of jurists act as arbitrators instead of the Government of the United States, but that he would reserve any suggestion upon this point until further progress had been made with respect to the terms of the agreement.

Then going to the second page of the protocol, the Secretary noted that in paragraph (*C*) it was provided "if, however, the arbitrator should decide that a plebiscite shall not be held", etc., which indicated that this question was to be submitted to the arbitrator for decision; this being so, the Secretary asked why it was not so stated directly as the Secretary had suggested. The Ambassador said that they did not wish to intimate that there was any doubt on the part of Chile on this question. The Secretary again pointed out that the submission of a question to arbitration would not express any doubt on the part of either party as to how the question should be decided, but simply that there was a controversy to be decided.

The Ambassador said, however, that the question was not one of substance, but one merely of form of words. The Secretary said he thought the provision of the protocol meant that the question whether a plebiscite should or should not be held should be submitted to arbitration and that he was not insistent upon any form of words. He said, however, that it was important that there should be no opportunity to argue before the arbitrator that Chile had not submitted this question. The Secretary pointed out that while the Ambassador did not make such a point the Secretary and Ambassador and others now engaged in the negotiations might pass away and the question would have to be determined by the record and that the record should be clear that the Chilean Government had bound itself to make this submission; otherwise there was no use of discussing

[25] *Infra.*

the matter. The Secretary repeated that he did not care what form of words was used so long as the point was brought out.

The Secretary then said that he noted in paragraph (*B*) of the second page of the protocol that the expression was used "with respect to the form in which the plebiscite shall be conducted." This was apparently in lieu of the Secretary's suggestion that the arbitrator should determine "completely the conditions of the plebiscite, as well as the manner of holding the same." The Ambassador said that this expression "the form" was taken from the Treaty. The Secretary said that he understood that but that it left an ambiguity as to just what was intended. The Secretary said it should be clearly understood that if the arbitrator decided that a plebiscite should be held, then everything relating to that plebiscite, that is, how it should be conducted, who should conduct it; what voters should vote; what their qualifications should be, how the voters should be registered, and, in short, every step should be determined by the arbitrator. The Secretary pointed out that if this were not the case and anything was left which the arbitrator was not competent to determine they were back in the former controversy which had lasted for years. The Ambassador finally said that they did not mean to detract from the power of the arbitrator; that they had taken the expression from the Treaty but they were perfectly willing that the word "conditions" should be used. The Secretary made it clear that he did not favor any arbitration done unless this was committed fully to the decision of the arbitrator. The Ambassador did not contest the point.

Coming to the final paragraph as to what should be done in the event of a decision that the plebiscite should not be held, the Secretary said that it was undoubtedly true the Governments of Chile and Peru should proceed promptly toward a settlement of this question by direct negotiation. So far, this was in accord with the Secretary's suggestion, but it then became important for the reasons he had already stated to the Ambassador and which he repeated that there should be no question but that Chile would be bound to enter into negotiations. The Secretary pointed out that if they simply agreed to negotiate it would mean that Peru would address a note to the Chilean Government; that Chile would reply in three months, six months or a year, when it pleased; then Peru would address another note, and that sort of thing might continue for years. If a treaty was to be negotiated, the parties appointed commissioners. At present the advisable method was through a conference of delegates. If the parties wish to reach an agreement they adopted the means to enable them to reach an agreement; if Chile refused to adopt such means it would indicate that she did not propose to reach

an agreement. Peru was naturally fearful that Chile, being in possession, would take exactly that course. The Secretary felt that it was quite reasonable that they should agree to adopt the means that were proper and usual in order to reach an agreement. The Secretary said that so far as he was concerned he did not care whether the conference was held here or at any other place,—the important point was that they should agree to confer.

The Ambassador said that the difficulty was that they feared that if they made such an agreement the conference would be used to force them into an arbitration as to the disposition of the territory. The Secretary said he did not see how that view could be taken; they could not be forced into anything; that they would agree to what they thought was the advisable course. Of course, they would have to act in the light of the opinion of the world, but that would be much more friendly disposed if they were in conference endeavoring to reach an agreement instead of holding aloof and refusing to confer. The Secretary said undoubtedly he anticipated there would be a reasonable agreement reached; otherwise he would not take the time to discuss the matter, but there was no basis for the suggestion that there would be an effort to compel an arbitration. The Secretary said that if he were disposed to any effort of that sort it would be made now when Peru had proposed the arbitration. The Secretary said that he felt that the case was not one for arbitration; that indeed it would be difficult to find an arbitrator who would be willing to take the responsibility of dealing with the territory when he had no principle whatever to guide him. The most that any third party could do would be to help the parties make an amicable adjustment and this was friendly offices, and not arbitration. The Secretary said that if the plebiscite were not held the parties would have to find some means of adjustment and that this was a political question, a question of expediency, statesmanship, and he had always felt was not a question for arbitration which had to proceed along some defined lines of supposed juridical principles.

The Secretary said that the whole point was whether Chile would take the position that after submitting to arbitration the question whether a plebiscite should or should not be held and upon the decision of the arbitrator that a plebiscite should not be held, in that case she would not be willing to enter into negotiations in the manner best adapted to secure an agreement. The Secretary did not see how Chile could take such a position and he therefore hoped that the suggestion would not be regarded as creating a difficulty.

The Secretary pointed out that when Peru had originally sought to treat the Treaty of Ancon as a nullity and to raise the question of the restoration of Tarapacá, the Secretary had made representations that this course should not be taken and would not have the

sympathy of the United States and that Peru had abandoned it.[26] The Secretary said that Peru had made no agreement and had not yet indicated her acceptance of the suggestion that had been made and the Secretary was simply trying to find a basis for a reasonable agreement to prevent a failure of the conference. The Secretary said he had noted that the Ambassador had stated that he had submitted to his Government the suggestions that had originally been made by the Secretary and that these had been accepted without modification. The Secretary said that while he appreciated this attitude of the Chilean Government, which was most gratifying, still, it could not have controlling significance. The Secretary had carefully avoided laying down a plan as an ultimatum to be accepted by both parties,—he was in the position of a friend making suggestions. If these suggestions met with other suggestions, new points could, of course, be presented in the light of the counter suggestions in order that some harmonious disposition of the controversy should be made. Therefore, when Peru had suggested that they had no assurance that Chile would enter into negotiations, the Secretary, not departing from the substance of his suggestions, but merely suggesting a method of procedure for carrying them into effect had said that he would be willing to suggest that the parties should agree that a conference should be held for the purpose of conducting the negotiations.

The Ambassador asked how the matter should be left and the Secretary said he would be glad to receive the memorandum of Señor Izquierdo; that after considering it he would ascertain whether the Peruvian delegates had heard from their Government; the Secretary hardly thought it worth while to take up the matter with the Peruvians until they had further instructions; when advised that they had received these instructions the Secretary would have a preliminary interview with them as he had had with the Chilean Ambassador, and that he would ask the respective Ambassadors and respective Delegates to meet together to see if their views could not be harmonized.

The matter was so left.

723.2515/1342

Draft of Protocol Prepared by the Chilean Delegation

The Plenipotentiaries of Chile and Peru assembled at Washington, pursuant to the invitation of the United States, for the purpose of arriving at the settlement of the long standing controversy with

[26] See pp. 465–468.

respect to the unfulfilled provisions of the Ancon Treaty, have reached the following agreement:

1.—That they record herewith that the only differences concerning which the two countries have been unable to reach an agreement are as follows:

a).—The questions arising out of the unfulfilled provisions of Article 3 of the Treaty of Ancón;
b).— . . . . . .
c).— . . . . . .

2.—To submit to the arbitration of the Government of the United States the differences referred to in the foregoing article.
3.—That the present agreement shall be submitted for the approval of the respective Governments.

In order that no question may arise concerning the scope of the proposed submission to arbitration which has been stipulated in Article 2 of the protocol signed on this date, the delegation of . . . . . deems it necessary that the following stipulations shall be agreed to:

A. Peru, as well as Chile, shall have the right freely to press before the arbitrator all questions arising out of the unfulfilled provisions of Article 3d of the Treaty of Ancon, and they shall also have the right freely to take such steps and make such defenses as they shall deem expedient for the protection of their rights.
B. If the arbitrator shall decide that a plebiscite shall be held, he shall be empowered to adjust all differences that may arise with respect to the form in which the plebiscite shall be conducted and the terms and period in which the ten million pesos shall be paid by the country that shall be held to be the owner of the Provinces of Tacna and Arica.
C. If, however, the arbitrator should decide that a plebiscite shall not be held, his decision shall not have the effect of modifying or altering the present status of the territory of Tacna and Arica; nor, in view of the absence of any legal principle on which such decision could be based, shall the arbitrator be authorized to determine the disposition of said territory. But, in such case, the Governments of Chile and Peru at the initiation of either, shall proceed freely and promptly towards a settlement of this question by direct negotiation.

The undersigned trusts that the delegation of . . . . . will be pleased to agree to the above stated stipulations.

723.2515/979a : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

[Paraphrase]

WASHINGTON, *July 1, 1922—4 p. m.*

50. This morning the newspapers print an Associated Press comment on the Chilean-Peruvian conference which states that a com-

munication from their Government had been received by the Peruvian delegation which "fell short of a complete acceptance of the compromise plan." The Peruvian Ambassador has made no official communication to the Department but it has reason to believe that the Associated Press comment is correct and that President Leguía is unwilling to accept the suggestion which I made in an unofficial capacity. My suggestion was that the provisions of article 3 of the Treaty of Ancón which have not been fulfilled should be submitted to arbitration. Should the arbitrator decide that a plebiscite be held, he shall also establish the terms for holding the plebiscite. If, on the other hand, he should decide against the holding of a plebiscite, then the Governments of Chile and Peru are to agree to enter immediately into negotiations to determine the final status of the disputed territory.

You are instructed to see President Leguía and with the utmost discretion make it clear to him that my purpose in making this suggestion was (1) that questions relative to a plebiscite be eliminated for all time from the discussion, and (2) that the way be paved for an immediate settlement of the question through friendly negotiation, should the decision be adverse to holding a plebiscite.

My reason for mentioning this is the rumor which has reached me that President Leguía believes that division of the territory between the two countries is the plan entertained by this Government. You may assure the President definitely and categorically that no plan relative to the ultimate disposal of Tacna and Arica has been prepared either by this Government or by me personally, and that the disposition of the territory in the contingency supposed, under the suggestion I have made, would be a matter for agreement.

You may add that I am convinced that the suggestion which has been submitted is in the interest of both Chile and Peru, and carries both countries a step forward toward the final solution.

HUGHES

723.2515/980 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

[Paraphrase]

LIMA, *July 3, 1922—2 p.m.*
[Received July 4—12:15 a.m.]

62. Last night I had a long informal conversation with President Leguía in which I took up the several points in your telegram no. 50, of July 1, 4 p.m., and elicited his views. He appreciates the unofficial good offices of Secretary Hughes, but he is unable to understand why, in the contingency that arbitration determine the plebiscite to be impossible, the suggestion does not propose an allocation

by arbitration of the territory under discussion. If arbitration results in a decision against the holding of a plebiscite, he sees no possibility of coming to an agreement with Chile by direct negotiations; the result would again be a situation with no issue, and there would have been no advance whatever towards a solution. Chile's position, indeed, would be better than it was before, for the reason that failure to reach an agreement would confirm her indefinitely in possession of the disputed territory until the fulfillment of the provisions of article 3 of the treaty, and Peru would, conversely, be the sufferer. The President assumes, of course, in his argument that the arbitration would decide against the holding of the plebiscite. With reference to the rumor denied in the third paragraph of your telegram, the President never believed that any plan had been conceived by the United States for the disposition of the disputed territory but he did think it probable that should Chile and Peru enter into direct negotiations, the former would propose to divide Tacna and Arica. At the last the President said that it was incomprehensible to him that if Chile were sincere in her desire to settle the dispute justly and finally, she would object to the proposal that an arbitrator decide the ownership of the two provinces in the contingency that a plebiscite should not be held, and in this sense he has instructed the Peruvian delegates.

I ventured to point out the fact that in endeavoring even unofficially to bring the disputants to an agreement the position of the Government of the United States was extremely delicate, and that this fact is adequate testimonial of the interest which the Government of the United States has in the solution of the problem. The President promised to give the matter careful reconsideration. It is possible that he will change his attitude, for he has come to no final decision.

STERLING

723.2515/980 : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

[Paraphrase]

WASHINGTON, *July 5, 1922—5 p. m.*

51. Legation's 62, July 3, 2 p. m. Please say to President Leguía that these are the advantages of the suggestion which has been made:

1. There will probably be no agreement if it is not accepted, and this would be most serious. Chile would be left in possession, and she would have the advantage of being able to assert that she had made an important concession and had abandoned the position hitherto held, by offering to arbitrate the question whether or not a plebiscite should be held.

2. Great progress would be made by having eliminated a most important part of the controversy, if the arbitrator should decide that no plebiscite should be held. Without the settlement of this point, nothing could be done as to the disposition of the disputed territory.

3. A new situation calling for direct negotiations would develop, if the possibility expressed in the above paragraph were to become a fact. Chile would not be in a better position, in my opinion. In the event supposed, the long-standing question would, on the contrary, have been decided against her contention. Although she would be left in possession, the basis on which she now asserts her title would have ceased to exist, and it would be imperative to reach an agreement as to the disposition of the disputed territory.

4. It is at present impracticable to insist that, if no plebiscite be held, the ultimate disposition of the territory should be arbitrated; a proposal of this nature would be too indefinite, for there are no standards or principles which could be invoked. The case would then be precisely one where it could be said that the parties to the controversy should have the opportunity to undertake a settlement by direct negotiations, as a new situation had been created.

5. The present alternatives are the following: (1) the complete failure of the present conference, or (2) an arrangement which will, at the very least, assure an important step forward and will constitute the best disposition of the matter obtainable at this time. In the first instance, the Government of Peru can not fail to recognize the serious results of a failure of the conference.

If you desire, you may give President Leguía a paraphrase of the above five points, taking care not to omit any of the qualifications stated.

HUGHES

723.2515/1344

Memorandum by the Secretary of State of a Conversation with the Chairman of the Peruvian Delegation (Porras), July 6, 1922

Dr. Porras called with a representative of the Embassy as interpreter, the appointment being arranged by Ambassador Pezet. Mr. Phillips was present at the interview.

Dr. Porras expressed his appreciation of the endeavors of the Secretary to aid the parties to reach a settlement. He said that the Peruvian Government felt deep concern with regard to the contingency which would arise in case the arbitrator should decide that a plebiscite should not be held. It was feared that in that case, Chile being in possession, the direct negotiations would not be successful. Therefore, it was desired that if the parties were unable to reach an agreement, it should be agreed to refer the matter to arbitration. Dr. Porras elaborated the point, following the arguments that had been previously used by Ambassador Pezet in the former interview.

The Secretary said that the difficulty with that proposition was that it was substantially the same as the original proposition of Peru, that in the event that the arbitrator decided that a plebiscite should not be held the disposition of the territory should be referred to arbitration. This was so because Peru, under the suggestion made by Dr. Porras, could by refusing to agree force the arbitration and thus accomplish its original purpose. The question, therefore, was whether an agreement to arbitrate the disposition of the territory in the proposed event could be insisted upon. The Secretary repeated what he had formerly said that, while he considered the proposal of Peru to be fair and generous to submit such a matter to arbitration, the question had to be considered also from the standpoint of the other party to the controversy. Chile had always insisted that the only question was with reference to the plebiscite and had absolutely refused to submit to arbitration the question whether a plebiscite should be held. Now that Chile was willing to submit that question to arbitration, she was entitled to say that she had made this concession and that the contingency in case the arbitrator decided that a plebiscite should not be held would involve a new situation, and there should be opportunity for the parties to reach a settlement by direct negotiations. It could be pointed out that in that event there would be no principles or standards that could be invoked which an arbitrator should follow; that it was not a matter for arbitration because of the lack of any standards that could be resorted to.

The Secretary read to Dr. Porras the substance of his instruction of July fifth to the American Chargé at Lima in answer to President Leguía's objections to the Secretary's suggestion. The Secretary pointed out that it was a mistake to say that Chile would be better off under the suggestion than she would otherwise. If the plebiscite were held, the latter matter would be disposed of. If the arbitrator decided that the plebiscite should not be held, Chile would no longer be in possession subject to the provision for a plebiscite, but there would be an entirely new situation and Chile would not be able, in the light of the opinion of the world, to refuse to endeavor to reach an agreement as to the disposition of the territory. The Secretary pointed out that the alternative was the entire failure of the Conference, and this would leave Chile in full possession, with the assertion that she had done her best to meet Peru by waiving her original objection whether a plebiscite should be held. To end the Conference in this way would be greatly to the disadvantage of Peru. On the other hand, if the proposed arbitration did not result in the disposition of the entire matter, still there would be a great gain in the settlement of the question which had been up to this time the principal contention.

Dr. Porras said that he appreciated the arguments of the Secretary and that he agreed with them. He said, however, that his Government did not desire to be left in the position of conducting direct negotiations in case of a decision that the plebiscite should not be held, without any aid to make the negotiations effective. Dr. Porras said that in that event he thought there should be an agreement that both parties should have recourse to the good offices of the United States.

The Secretary said that in his original proposal he had said to both parties that the United States would be glad in the supposed contingency to offer its good offices if these were welcome to both Governments. The Secretary said that, of course, "good offices" were distinct from arbitration; that in the nature of things they were friendly offices. But the suggestions made could be refused. Dr. Porras said he understood that.

The Secretary said that it would be rather delicate for him to make a suggestion that the parties should agree to resort to the good offices of the United States, but he thought the suggestion was an entirely reasonable one and that the Secretary would be willing to say so to Chile.

The Secretary asked whether he could say to Chile that Peru was willing to make an agreement upon this basis, that is, to accept the Secretary's original suggestion with the qualification that in case the arbitrator decided that a plebiscite should not be held, the parties should promptly enter into direct negotiations, and if they could not reach an agreement, to invite the United States to use its good offices. Dr. Porras said he was authorized to say that this would be acceptable to the Peruvian Government. The Secretary made it clear that he did not wish to make such a suggestion as to the use of good offices on his own initiative, and Dr. Porras said that he could state that it was suggested by the Peruvians to meet the difficulty which had been raised.

723.2515/1343

Memorandum by the Secretary of State of a Conversation with the Chilean Ambassador (Mathieu), July 6, 1922

The Chilean Ambassador called at the Secretary's request.

The Secretary said that he had taken up the matter of his suggestions with the Peruvian Ambassador and with the Peruvian delegates and later with Dr. Porras; that the Peruvian Government found great difficulty with respect to the contingency that would arise in case the arbitrator should decide that a plebiscite should not be held. The Peruvian Government felt naturally apprehensive that in this event, Chile being in possession, there would be no suc-

cess in the negotiations. The Peruvians had suggested that it should be agreed that in case the direct negotiations failed to produce an agreement between the two Governments, there should be an arbitration by the United States. The Secretary had pointed out to Dr. Porras that this would be open to the objection that if Peru chose to refuse to agree the arbitration would inevitably follow, and hence it was essentially similar to the original Peruvian proposal.

The Secretary felt, however, that the Peruvians were naturally apprehensive that in case it were decided that a plebiscite should not be held, Chile being in possession, there would be difficulty in reaching an agreement. The Secretary thought that it was desirable that there should be some provision which would give the assurance that Chile would at once undertake the negotiations and would make every endeavor to reach a satisfactory conclusion. The Secretary said that Dr. Porras had suggested that in the contingency supposed the parties should have recourse to the good offices of the United States. The Secretary recalled to the Ambassador the fact that at the outset the Secretary had stated that the United States would be willing to use its good offices in a manner acceptable to both Governments. The Secretary said that he had not desired to make the suggestion that the parties should agree to have recourse to the good offices of the United States, but as Dr. Porras had made the suggestion, the Secretary could say personally that he thought it a very reasonable one. He said that Dr. Porras had authorized him to say that this suggestion was acceptable to the Peruvian Government, and hence Chile had it in her power now to dispose of the controversy.

The Chilean Ambassador seemed somewhat depressed by the suggestion and said that it seemed to him practically the same as an agreement for arbitration and that he feared his Government would so regard it. The Secretary pointed out that good offices were quite distinct from arbitration; that the Chilean Government did not bind themselves to accept any suggestion made by the United States.

The Ambassador pointed out that any suggestion made by the United States would have very great weight and might almost be controlling. The Secretary replied that this would not be so unless there was an entirely reasonable suggestion which would be justified in the opinion of the world, and that if it were such he had no doubt Chile would be glad to accept it. The Secretary said that if the United States made a suggestion that was not entirely fair and reasonable in all the circumstances, Chile would have no difficulty in pointing it out and in rejecting it.

The Ambassador said he felt it was very difficult and he was afraid that his Government would not accept the proposal.

The Secretary said that he had exhausted his efforts and he thought that the parties now could agree upon a reasonable basis; that he had declined to support the Peruvians' desire for an entire revision of the Treaty; that he had recognized the reasonableness of Chile's opposition to the proposal for a wide arbitration in case it were decided that the plebiscite should not be held, without an opportunity to reach an agreement by direct negotiations; that on the other hand he had recognized the justice of Peru's insistence that the question whether a plebiscite should be held should be submitted to arbitration. The Secretary felt that he had gone as far as he could, and he intimated that if the Conference now failed, it would be simply because Chile in the contingency suggested declined to have recourse to the good offices of the United States.

The Secretary then emphasized to the Ambassador the great importance of dealing with the matter promptly. He said that the Peruvians had made this suggestion; that undoubtedly it would become public; that in the event Chile ultimately consented it would appear that she had yielded to the Peruvian demand. Whereas, if Chile promptly said that, of course, she never had had any objection to the good offices of the United States and that this was entirely in accord with her wishes, she could avoid such a result and settle the matter at once without any loss of prestige.

The Ambassador seemed to be impressed by this and said he would see what he could do.

The Secretary said that it had been assumed in the negotiations that the United States would be the arbitrator; that he had not taken this matter up because he felt that if the parties could not agree upon the scope of the arbitration it was not necessary to consider who should be the arbitrator. The Secretary indicated, however, that it would be desirable, if possible, to have an arbitrator other than the United States Government itself. The Secretary said that he preferred a jurist; it might be a board of jurists or a single jurist. The Secretary said he had in mind such a man as Elihu Root, who might be called upon to serve, although the Secretary did not know whether or not he would be willing.

723.2515/983 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

[Paraphrase]

LIMA, *July 6, 1922—4 p. m.*

[Received 9:25 p. m.]

63. Your no. 51, dated July 5, 5 p. m. I had an interview with President Leguía this morning at the end of which he expressed

himself as being in favor of accepting the suggestion as it is. He is consulting the Cabinet.

STERLING

723.2515/1345

Memorandum by the Secretary of State of a Conversation with the Chairman of the Chilean Delegation (Aldunate), July 10, 1922

Dr. Aldunate called at the Secretary's request. In the meantime the Secretary had been informed of the acceptance by Chile of the Secretary's suggestion with the Peruvian qualification as to good offices, and this acceptance had been published.

The Secretary at once congratulated Dr. Aldunate upon this happy result and Dr. Aldunate expressed his gratification and spoke pleasantly of the assistance given by the Secretary.

The Secretary said that he had asked Dr. Aldunate to call so that he might take up with him the question of the choice of arbitrator. The Secretary said that he appreciated deeply the confidence expressed by both parties in suggesting that the United States should be the arbitrator, and that he did not desire that anything he might say should be taken as a lack of appreciation. The Secretary felt, however, that, if it were possible for the parties to agree otherwise, it would be better that the United States should not be the arbitrator. The arbitration would be a very laborious task. It seemed to the Secretary that it should not be undertaken by Government officials. The Secretary said that he thought the arbitrator should be a jurist. The Secretary said he understood that what was desired was American detachment and impartiality. The Secretary said that this could be supplied by selecting some distinguished American jurist, either as sole arbitrator, or as umpire of a board of jurists. The Secretary then suggested the name of Elihu Root. Dr. Aldunate said that the matter would be taken into consideration.

Dr. Porras called at the Secretary's request following the interview with Dr. Aldunate. The interview was substantially the same as that with Dr. Aldunate.

723.2515/993

The Peruvian Ambassador (Pezet) to the Secretary of State

WASHINGTON, *July 15, 1922.*

DEAR MR. SECRETARY: I have been requested by Dr. Porras to ask you to appoint a time on Monday next, July 17th when you could receive him together with Dr. Aldunate of the Chilean Delegation; it having been arranged between both Delegations at their last Joint

Session that they would appeal to you for advise on certain points on which they could not agree.

With my expression [etc.] F. A. PEZET

723.2515/999

Memorandum by Dr. Leo S. Rowe, Director General of the Pan American Union, of a Conference Held in the Office of the Secretary of State, July 17, 1922 [27]

In attendance were:

The Secretary of State, Hon. Charles E. Hughes.
The Chairman of the Chilean Delegation, Hon. Carlos Aldunate.
The Chairman of the Peruvian Delegation, Hon. Melitón Porras.

At the request of the Chairmen of the two Delegations, and by invitation of the Secretary of State, Dr. Rowe was present and served as interpreter.

At the opening of the conference Señor Aldunate informed the Secretary that the Conference had decided to request the President of the United States to serve as arbitrator and expressed the hope that the President would be willing to do this very great service. Dr. Porras then expressed a similar request.

The Secretary then stated that he was certain that the President of the United States would be deeply appreciative of the honor done him by such selection. Although Secretary Hughes had entertained the hope that the Conference might decide either upon a board of jurists or a single jurist; yet, in view of the decision that had been made, he desired to express his appreciation of the confidence thus expressed by both Delegations, and would be glad to advise the President of the United States to accept the designation.

Sr. Aldunate then set forth the views of the Chilean Delegation with reference to the desirability of inserting, either in the Protocol, or the Supplementary Act,[28] or in a definite way in the minutes of the Conference, a statement to the effect that, if the arbitrator should decide against the holding of a plebiscite, the status of possession of the provinces by Chile should not be disturbed, and that her right to legislate for the provinces and to appoint administrative authorities should not be questioned. He pointed out that this was the interpretation which both the Chilean Delegation and the Chilean Government had placed upon the formula proposed by Mr. Hughes and which they had so gladly accepted. Without some such declaratory statement he felt that there was real danger that Peru might interpret Clause "C" of the Supplementary Act to mean that, in

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[27] Received in the Department as an enclosure to a letter of July 19, 1922, from Dr. Rowe.

[28] See p. 505.

case the arbitrator decided against the holding of a plebiscite, the provinces should be turned over immediately to Peru. He felt certain that neither Dr. Porras nor Dr. Velarde would give such an interpretation, as they were fully acquainted, not only with the letter but also with the spirit of the Clause, but he stated that men come and go and it was impossible to foresee who would give interpretation to the Clause when the time comes for its application. He felt, furthermore, that where in Clause "C" of the Supplementary Act the two governments agree to "enter into a discussion of the situation created by the decision of the arbitrator," it might be assumed that the situation thus "created" is an entirely new one and that the declaratory words are intended to overcome such a presumption. He deemed it necessary, therefore, in order to avoid subsequent controversies, to include a declaratory statement which would remove all doubt from the situation and that his government regarded such a declaratory statement as indispensable.

Dr. Porras then stated that, in his opinion, the introduction of the declaratory words proposed by the Chilean Delegation would mean a transformation of the formula proposed by Secretary Hughes into something which was not intended at the time that it was proposed and when it was accepted by the Peruvian Government. Dr. Porras emphasized the fact that he regarded the declaration proposed by the Chilean Delegation as unnecessary, because such declarations are superfluous when there is no change in the person or entity in occupation or possession. Furthermore, he regarded such a declaration as derogatory to Peru and likely to wound national sensibilities.

To this observation Sr. Aldunate made a brief reply, stating that there was no thought in proposing these additional words to change the formula proposed by Secretary Hughes, but simply to clarify the situation so as to avoid subsequent controversies.

Secretary Hughes began by stating that he wished to congratulate both Delegations on the splendid progress that had been made, and that it was exceedingly gratifying to find that they had reached agreement on all important points and that the point as to which there was disagreement at the present time was one of rather secondary importance. He deemed it a matter of very great moment that the final agreement when reached should not only express the actual understanding of the two governments, but, also, should be so worded as to avoid future differences and controversies; that he had thought over the matter very carefully and felt that it should be clear that in case the arbitrator should decide against the holding of a plebiscite that Chile thereby acquired no new or additional rights. On the other hand, he deemed it important that, pending the settlement as to the final disposition of the territory, the administrative organization of the provinces should not be disrupted and

that, in the interest of peace and good order, it should be made clear that there would be no such disruption. It is evident, the Secretary said, that if the decision of the arbitrator should be against the holding of a plebiscite, then the procedure provided for in the treaty for the final transferance of title can no longer be made operative. This fact, therefore, involves the necessity of negotiations in order to determine the final disposition of the territory.

The Secretary then went on to say that he fully appreciated that both parties were somewhat apprehensive as to the future. He could see that Chile was somewhat apprehensive lest Peru might say that Chile should relinquish all control of the provinces prior to the negotiations stipulated in the agreement, and, on the other hand, he could see that Peru was apprehensive lest Chile should remain in possession for an indefinite, and possibly prolonged, period. He deemed it important, therefore, to avoid language which might give rise to embarrassing and irritating claims on either side, and to find a formula which would avoid contention. He was endeavoring to look at the question from the standpoint of both countries, with a view to suggesting something that might allay the apprehensions of both. He stated, furthermore, that he deemed it beyond his province to discuss where the statement which he was about to suggest was to appear, as that was a matter for the two Delegations to determine.

In explaining the suggestion that he was about to make, the Secretary stated that he had placed at the beginning of the statement the reason for the suggestion in the form as submitted, namely, the introductory words:—

"In the interest of peace and good order."

Having done this, it is made clear that the administrative organization of the provinces should not be disturbed pending an agreement as to the disposition of the territory.

The complete suggestion, therefore, which he desired to submit for the consideration of the delegates is as follows:

"It is understood, in the interest of peace and good order, that in this event and pending an agreement as to the disposition of the territory, the administrative organization of the provinces shall not be disturbed."

723.2515/989

The Chilean Ambassador (Mathieu) to the Secretary of State

No. 149 WASHINGTON, *July 19, 1922.*

MY DEAR MR. SECRETARY: My Government has sent to me instructions which make it necessary for me to take advantage of your

kindness in requesting you to assist me in clearing up a mistaken interpretation which has been given in Chile to the Clause relative to the situation of the provinces of Tacna and Arica, in case the arbitrator decides that the plebiscite stipulated in Article 3, of the Treaty of Ancon shall not be held. The Clause in question was incorporated into the agreement in conformity with the suggestion made by you to the Delegations of Chile and Peru.

My Government has accepted this Clause with the understanding that when it is stated that "the administrative organization of the provinces shall not be disturbed" such statement confirms the provision of Article 3 of the Treaty, which subjects the territory to the "Chilean laws and authorities."

In order to remove the doubts to which I have referred, and, at the same time avoid any possible future misunderstanding with reference to the meaning to be given to the clause suggested by you, I take the liberty to request Your Excellency to inform me whether my thought is correct that in suggesting the words:

"It is understood, in the interest of peace and good order, that in this event and pending an agreement as to the disposition of the territory, the administrative organization of the provinces shall not be disturbed,"

Your Excellency did not have in view changing the actual status of territory as determined by the Treaty of Ancon, nor did you thereby have in view conferring either upon Peru or Chile new title or new rights.

Thanking you in advance for your courtesy in considering this matter, and with expression of high regard, I am [etc.]

B. MATHIEU

723.2515/989

The Secretary of State to the Chilean Ambassador (Mathieu)

WASHINGTON, *July 19, 1922.*

MY DEAR MR. AMBASSADOR: I have received your note of this date with respect to a point in the interpretation of the clause that I suggested, relating to the contingency of a decision by the arbitrator that a plebiscite should not be held.

This clause was as follows:

"It is understood, in the interest of peace and good order, that in this event and pending an agreement as to the disposition of the territory, the administrative organization of the provinces shall not be disturbed."

I should hesitate to make any further suggestion for reasons which I am sure you will appreciate, save in a further conference with the delegates.

It seems to me, however, that it may serve the purpose you have in view if I send to you a summary prepared by Dr. Rowe of the interview held with Señor Aldunate and Dr. Porras,[29] in the course of which the clause in question was suggested. It seems to me that what was then said is entirely sufficient by way of commentary upon the purpose and intent of the clause.

With high regard [etc.] CHARLES E. HUGHES

723.2515/1024

Protocol and Supplementary Act Signed at Washington by the Delegates of Peru and Chile July 20, 1922

[Translation]

PROTOCOL OF ARBITRATION

Assembled at Washington, D. C., pursuant to the invitation of the Government of the United States of America, for the purpose of arriving at a settlement of the long-standing controversy, with respect to the unfulfilled provisions of the Treaty of Peace of October 20, 1883, the Republic of Chile and the Republic of Peru have for that purpose named their respective Plenipotentiaries, that is to say:

Don Carlos Aldunate and Don Luis Izquierdo, Envoys Extraordinary and Ministers Plenipotentiary of Chile on Special Mission; and

Don Melitón F. Porras and Don Hernán Velarde, Envoys Extraordinary and Ministers Plenipotentiary of Peru on Special Mission; who, after exchanging their respective full powers found to be in good and due form, have agreed upon, and concluded the following articles:

ARTICLE 1°—It is hereby recorded that the only difficulties arising out of the Treaty of Peace concerning which the two countries have not been able to reach an agreement, are the questions arising out of the unfulfilled provisions of Article 3° of said Treaty.

ARTICLE 2°—The difficulties referred to in the preceding Article, will be submitted to the arbitration of the President of the United States of America, whose decision shall be final. The Arbitrator shall give both parties opportunity to be heard, and shall take into consideration such arguments, evidence, and documents as may be presented. The Arbitrator shall determine the periods within which the arguments, evidence, and documents shall be presented, and shall determine all questions of procedure.

ARTICLE 3°—The present Protocol shall be submitted to the approval of the respective Governments, and ratifications exchanged at Washington, D. C., through the intermediary of the Diplomatic

[29] Memorandum of conference held July 17, 1922, p. 501.

Representatives of Chile and Peru, within the maximum period of three months.

In witness whereof, the respective plenipotentiaries have signed the above articles, and have hereunto affixed their seals.

Done in duplicate, at the city of Washington, this twentieth day of July, in the year of our Lord one thousand nine hundred and twenty-two.

M. F. Porras
Carlos Aldunate
Hernán Velarde
Luís Izquierdo

SUPPLEMENTARY ACT

In order to determine with precision the scope of the arbitration stipulated in Article 2° of the Protocol signed on this date, the undersigned agree to place on record the following points:

1° The following question, presented by Peru at a session of the Conference held May 27th last, shall be included in the arbitration:

"In order to determine the manner in which the stipulation of Article 3° of the Treaty of Ancon shall be fulfilled, it is agreed that there shall be submitted to arbitration the question whether, in the present circumstances a plebiscite shall or shall not be held."

The Government of Chile may submit to the arbitrator such arguments in opposition as may be deemed appropriate for the defense of her rights.

2° In the event that the decision is in favor of the holding of a plebiscite, the arbitrator shall have full power to determine the conditions for the holding of such plebiscite.

3° Should the arbitrator decide that a plebiscite shall not be held, both parties agree, upon the request of either of them, to enter into a discussion of the situation created by the decision of the arbitrator.

It is understood, in the interest of peace and good order, that in this event and pending an agreement as to the disposition of the territory, the administrative organization of the provinces shall not be disturbed.

4° In the event that no agreement is reached as a result of the above mentioned discussion, the two governments will request the good offices of the Government of the United States, in order that an agreement may be reached.

5° It is agreed that pending claims relative to Tarata and Chilcaya are also included within the arbitration, in accordance with the final disposition of the territory, as referred to in Article 3° of said Treaty.

This Act forms an integral part of the Protocol to which it refers.

In witness whereof, the respective plenipotentiaries have signed the above articles, and have hereunto affixed their seals.

DONE in duplicate, at the city of Washington, this twentieth day of July, in the year of our Lord one thousand nine hundred and twenty-two.

M. F. PORRAS
CARLOS ALDUNATE
HERNÁN VELARDE
LUÍS IZQUIERDO

723.2515/1000 : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

WASHINGTON, *August 1, 1922—3 p. m.*

53. Chilean Chargé d'Affaires has called Department's attention to the fact that the Arbitral Protocol, recently signed in Washington between Chile and Peru, provides for ratification thereof, the ratifications to be exchanged in Washington, but that no such provision is made with respect to Complementary Act. He stated that his Government does not attach great importance to the matter but desires to know the views of the Peruvian Government as to whether ratification of the Complementary Act is necessary or not. Ascertain attitude of Peruvian Government and cable reply.

HUGHES

723.2515/1004 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

LIMA, *August 3, 1922—10 p. m.*
[Received August 4—9:40 a. m.]

67. Your telegram number 53, August 1, 3 p. m. The Peruvian Government is of the opinion that the complementary act should be ratified and ratifications exchanged in the same manner as the protocol itself, of which it is an integral part according to its wording.

STERLING

723.2515/1010 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

LIMA, *August 17, 1922—10 a. m.*
[Received 1:30 p. m.]

69. My telegram number 68, August 12, 10 a. m.[30] Senate and Chamber of Deputies have given practically unanimous vote of confidence to Minister for Foreign Affairs for his conduct of negotiations in Washington. Early ratification probable.

STERLING

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[30] Not printed.

723.2515/1031 : Telegram

The Secretary of State, on Special Mission in Brazil, to the Acting Secretary of State

RIO DE JANEIRO, *September 10, 1922—9 p. m.*
[Received September 11—11:30 a. m.]

56. Following from Collier, Santiago:

"September 9, 4 p. m. For the Secretary of State. Antonio Huneeus, new Minister of the Interior and head of the Government, called on me Thursday night to ask that I support request which their Ambassador at Rio de Janeiro will make for 60 days extension of time for exchange of ratifications of Chile-Peruvian Protocol pending arrival of Aldunate Solar and his appearance before the Senate. Minister of the Interior gave as reasons the fact that original text of protocol was received here only one week ago; that Chilean delegation to conference supposing opposition to protocol would be insignificant went to Europe, and that action upon protocol had been paralyzed by ministerial crisis that lasted from August 4th when Senate by vote of 20 to 7 censured Barros Jarpa personally for his conduct of negotiations thus precipitating his resignation and that of entire Cabinet which however remained in office until August 29 owing to extreme difficulty in forming new Cabinet.

My reply was that extension could be granted only by other high contracting party; that the conference having ended I thought it possible you might think that we should not ask one to grant favor to another especially as an attitude of strict impartiality is necessary because of possibility of our arbitrating; also that I thought you would consider reasons given for extension as insufficient. In such case the practical question is whether delay would help ratification which is now very doubtful as Conservative Senators who first favored the protocol are swinging away from it. I believe Aldunate Solar their former leader cannot [*can?*] probably influence them as much by cable as by personal presence and that if we favor delay it might be considered admission of weakness in the protocol made upon your advice. We cannot put ourselves in that position. I expressed these views to the Minister of the Interior in two conversations.

. . . . . .

Kindly report this to Acting Secretary or at least have him understand that no discourtesy is intended to him by addressing you directly so that you get this information before Chilean Ambassador at Rio de Janeiro attempts to see you.[31] Will report in the future direct to Washington unless your instructions seem to require a reply to Rio de Janeiro."]

HUGHES

[31] The Secretary telegraphed the Department Sept. 11 that he had received no communication from the Chilean representative in Rio de Janeiro.

623.2515/1034 : Telegram

The Chargé in Peru (Sterling) to the Acting Secretary of State

LIMA, *September 12, 1922—11 p. m.*
[Received 11:45 p. m.]

70. My telegram number 69. Congress ratified protocol and complementary act tonight.

STERLING

723.2515/1037 : Telegram

The Ambassador in Chile (Collier) to the Acting Secretary of State

SANTIAGO, *September 20, 1922—noon.*
[Received 10:30 p. m.]

63. Have had many recent conversations with President of Chile, Minister for Foreign Affairs, Minister of the Interior, diplomatic colleagues and well-informed persons. All agree that unanimous adverse report of Foreign Affairs Committee to be presented Thursday means material amendments and reservations to protocol. Last Friday Alessandri addressed public meeting of labor unions and students denouncing opponents of the protocol and asserting determination to prevent rejection. Senate considering this an attack on Constitutional privileges has called extra session. Cabinet crisis narrowly averted, still possible. Opposition much increased. In all conversations I have emphasized that the slightest modification in protocol is practical rejection because undoubtedly unacceptable to Peru, also that it perpetuates ancient dispute without possibility of any future pacific settlement. I have said it is useless for me to consider any proposed modification of protocol. Nevertheless, unknown to Chilean Government, I report and recommend as follows:

Utterances attributed to President of Peru, Peruvian Minister for Foreign Affairs and Delegate Porras, and manifestoes of various Peruvian organizations that settlement of Tacna-Arica question does not imply abandonment of efforts to recover Tarapacá, cause Chile to consider Peru as violating basis of agreement to participate in recent conference and to feel that ratification of protocol and any proceedings resulting therefrom may possibly sacrifice Chilean interest without establishing South American harmony and that should Peru win plebiscite Tacna-Arica would become base for future military attack on Chile.

I recommend that you or I either officially or in strict confidence give to Chilean authorities the statement made by you to President of Peru early in the conference to the effect that Tarapacá is settled question and add that the United States would consider any armed attempt to recover it as unjustified.

Numerous expression[s] of Peruvian statesmen and press that arbitrator will declare plebiscite improper because of alleged expulsions cause belief here that nation is to be arraigned on what may be considered a criminal charge and this is inconsistent with national dignity. While I believe there have been some expulsions in past years and some connivance by officials with private persons in acts tending to cause Peruvians to leave, reports have been grossly exaggerated and some excuses can be made in most instances. . . . Assuming wrong has been done I regard it as a case where it cannot be wholly undone without serious injury to existing parties, namely, the progressive people who have now settled in the provinces. Respectfully suggest that very much weight should be given to their right of self-determination. If justice requires inquiry into alleged expulsions it can be fully satisfied by granting vote to those who show illegality of procedure and prove intention to reincorporate themselves in the provinces by actual settlement within time to be prescribed. Although realizing impropriety of any prejudgment of the case I feel that if Chileans could be reassured that Peruvian claims that plebiscite will not be ordered are unfounded and if assurance could be given that present inhabitants can exercise self-determination great obstacle to ratification would be removed.

. . . . . .

Referring to cables September 7 [32] and 9 [33] sent you at Rio de Janeiro, Chilean fear that arbitrator will permit women and illiterates to vote is said to be based upon report made by Mathieu of statement by you during conference that qualifications in plebiscites held by League of Nations would be applicable. This fear is one of greatest obstacles to approbation of the protocol. Might be partially removed if either official or strictly confidential statement could be made that Mathieu misunderstood you and wholly so if intimated that in case of plebiscite qualifications for general elections in Peru and Chile which exclude such persons would be applied. . . .

. . . . . .

COLLIER

[32] Not found in Department files.

[33] See telegram no. 56, Sept. 10, from the Secretary of State, on Special Mission in Brazil, p. 508.

723.2515/1040 : Telegram

The Secretary of State to the Ambassador in Chile (Collier)

WASHINGTON, *September 29, 1922—6 p. m.*

52. Your 63, September 20, noon; 65 September 26 [*22*], 10 a. m.; 66 September 23, 11 a. m.[34]

Am reluctant to authorize any statements which could possibly be regarded as assurances affecting arbitrator's determination, as integrity and impartiality of arbitration are of far greater consequence to the United States than any other consideration. You should understand and may state to Huneeus and Claro [35] that this Government accepted role of arbitrator with great reluctance, my suggestion being that a commission of jurists or an American jurist should be selected. Provision for selection of the President of the United States was due to the insistence of the Chilean as well as Peruvian delegates. The following answers your specific points:

1. I think it would be unfortunate for you to state at this time that the Tarapacá question was eliminated because of the position taken by the United States in this matter. It should be remembered that statements made by you in Chile, however cautious, are likely to find their way to Peru and may occasion difficulties there through misunderstanding. I believe that it would be quite sufficient for you to inform Huneeus and Claro that the conversations carried on at Washington indicate clearly that the question of Tarapacá was eliminated and that there would be no justification for Peru to raise this question after the Tacna-Arica problem had been disposed of.

2. It would be inadmissible for you to make any suggestion whatever with respect to the present inhabitants of Tacna-Arica exercising self-determination or any reference to any qualifications or terms of plebiscite. Nothing must be said which in the slightest degree could intimate any pre-judgment of questions to be submitted to the arbitrator under terms of protocol. Both parties will be given ample opportunity to present arguments and no conversations upon this subject by representatives of the President could possibly be permitted. One of the questions is whether the plebiscite should be held, and another, that if it is held, upon what conditions. The President has an entirely open mind. I may add that I have not myself considered them or reached any determination even of a preliminary character with respect to any phase of them. This matter will await appropriate submission of arguments and

[34] Latter two not printed.

[35] Samuel Claro Lastarría, Chilean Minister of Foreign Affairs.

the impartial consideration which the arbitrator is bound to give. Fears expressed by opponents of the protocol reflect upon the competence of the arbitrator who will faithfully consider all questions before reaching any decision upon points submitted.

3. In your No. 63, Sept. 20, noon, you say that Chileans fear that arbitrator will permit women and illiterates to vote is said to be based upon report by Mathieu of statement by me during Conference that qualifications in plebiscite[s] held by League of Nations would be applicable. I do not believe that Mathieu made any such statement as it is wholly without foundation. I have never discussed qualifications of electors in event of plebiscite with Mathieu or anyone else. You may deny categorically that I or anyone representing the American Government has ever expressed or intimated any opinion upon any question of qualifications of electors or other matter affecting plebiscite.

HUGHES

723.2515/1053 : Telegram

The Ambassador in Chile (Collier) to the Secretary of State

SANTIAGO, *October 15, 1922—11 a. m.*
[Received October 16—10 : 10 a. m.]

73. In a private conference with President Alessandri and Señor Aldunate both have just asked that I urge you secure from Peru extension of time in which to exchange ratification[s].[36] I hope this part of this cable will be shown you before Mathieu calls on you Monday morning. Both the men mentioned say Senate tomorrow will, by a vote of 16 to 14, approve protocol with some reservations but that Chamber of Deputies will begin consideration Monday immediately after Senate votes. Discussion there can be limited but opponent[s] can probably, under rules, use up 10 or 12 days. On account of length of voyage I think at least 40 days from this date must elapse before instrument of ratification could reach Washington and 50 may be necessary depending on sailing [of] vessels. I strongly urge all influence be used to secure extension upon express understanding that instrument is to be sent so as to reach Washington on or before postponed date. The latter[37] claims that he and Porras had a sort of gentleman's agreement to extend time if necessary. I refer to my two telegrams sent to you at Rio de Janeiro[38] for reasons upon which extension can be granted. I favor it now

[36] This sentence paraphrased.
[37] Señor Aldunate.
[38] Telegram of Sept. 9 is quoted in the Secretary's telegram of Sept. 10 from Rio de Janeiro, p. 508; the other telegram was not found in Department files.

although I opposed it at that time. Both the men mentioned herein say that this extension should be received before present period expires otherwise opponents of protocol will claim on October 20th that Congress has nothing before it upon which to act and will force abandonment of measure. . . .

COLLIER

723.2515/1053 : Telegram

The Secretary of State to the Ambassador in Chile (Collier)

WASHINGTON, *October 16, 1922—6 p. m.*

56. Your 73, October 15, 11 A. M.

I had an interview this morning with Chilean Ambassador who showed me proposed reservations under consideration in Senate. I informed him that these reservations would be tantamount to reopening the negotiations and that it would be impossible for me to approve them and I sincerely hoped in the interest of an amicable adjustment of the controversy they would not be pressed.

The Ambassador then presented the question of an extension of time upon the grounds stated in your telegram.

I expressed the opinion that it was inadvisable to ask for an extension at this time; that Peru would undoubtedly urge, and I was inclined to think correctly, that the present provisions of the protocol as to exchange of ratifications could not be altered by the President of Peru or without the consent of the Peruvian Congress; that it was inadvisable to seek such consent while Chile was debating reservations to the protocol; that such a request and especially the submission of such a question to the Peruvian Congress at this time would simply raise points of controversy without favorable result. It seems to me that Chile should proceed with the ratification despite the expiration of the period and when Chile has ratified an appropriate request could then be made for whatever action was necessary to permit an exchange of ratifications despite the expiration of the period. In this event both countries having ratified the only question presented would be one of the agreed time for the exchange of ratifications and I can hardly suppose that there would be any basis for refusing to grant the extension as the delay would apparently have no injurious effects and would be slight in comparison with the duration of the controversy. While I do not wish to be put in the position of giving advice to either party and simply am endeavoring to act in the interest of both in order to promote a peaceful settlement, I should be entirely willing in case Chile rati-

fies to support earnestly the request for such action as might be necessary to provide for an exchange of ratifications.

In answer to the suggestion that the request for extension should be made before the time limit had expired, I should say, first, that such a request made at this time would only create controversy in view of the discussion now being had in the Chilean Senate, and, second, that as the Peruvian Government through its Congress would have to give its consent in any event it can give it just as well after the event as before regardless of the time when the request was made.

It seems to me that the fundamental question is simply whether the protocol will be ratified by Chile and I cannot believe that after its ratification there will be eventually any great difficulty with respect to the question of time, provided of course there is ratification within a reasonable time. I can see, however, serious complications if requests are made of Peru by Chile while the latter is discussing reservations.

HUGHES

723.2515/1054 : Telegram

The Ambassador in Chile (Collier) to the Secretary of State

SANTIAGO, *October 17, 1922—7 p. m.*
[Received October 18—12:12 a. m.]

74. My 73, October 15, 11 p. m. [*a. m.*] In special session of the Senate, Minister of the Interior and Minister for Foreign Affairs made speeches indicating willingness to accept reservations. Supporters of protocol astonished. Much recrimination and heated debate terminating in rumors of resignations which were actually tendered Monday morning by entire Cabinet. Speeches of Minister of the Interior and Minister for Foreign Affairs warmly praised by opponents of protocol. Monday morning's papers all predicted great majority for reservations. *Diario Ilustrado* stated that from 20 to 25 Senators would insist on reservations and that effort was being made to secure unanimous action. It was evident that two-thirds at least would vote for reservations thus rendering ultimate approval without reservations absolutely impossible. *Diario Ilustrado* also said: "It is said that it was made known in the Senate that the Government has carried through a negotiation with that of Peru with regard to reservations through the United States as an intermediary." Sunday's change of sentiment was due to this and similar intimations. Inasmuch as vote was to be taken in a few hours and action would be affected by mistaken information based upon false

report of our attitude I felt impelled to address personal note to Minister for Foreign Affairs stating that at his request I had cabled proposed reservations to you but had received no answer on account of your absence from Washington but that I feel "it is very doubtful that the Secretary of State would feel it proper for the American Government as the possibly future arbitrator to express any opinion as to the reservations or to advocate either their acceptance or rejection by Peru and I submit this information as further evidence of the absolute impartiality of the United States in this matter."

. . . . . .

Reservations are as follows: Protocol and complementary act are approved, the following points however to be established previous to ratification as conditions of approval:

1st. That they do not alter the faculties of sovereignty which the treaty of October 20, 1883, gave to Chile nor the force or scope of their exercise in the territory of Tacna and Arica during the celebration of the plebiscite.

2d. That said agreements, the protocol and complementary act, do not affect either the existence and permanent effects of acts performed by Chile with respect to the said territories nor the efficacy of the treaty concluded with Bolivia on October 20, 1904 and additional conventions of that treaty.

3d. That it is understood that the following form an integral part of the treaty of October 20, 1883, in everything relating to the plebiscite and its celebration namely; the antecedents which the high contracting party had in view in making it, the principles of public law of both countries, and the international usage and customs which obtained on the date when the plebiscite was stipulated and which are applicable to this kind of acts.

After some hesitation Izquierdo and Aldunate shortly before midnight Monday accepted posts of Minister of Interior and Foreign Affairs. Rest of Cabinet were persuaded to remain. New Cabinet appeared before Chamber of Deputies this morning and announced its program of one plank, to secure ratification of protocol. Great applause by members and gallery. Deputies voted for consideration in secret sessions without reference to Committee on Foreign Affairs. Long hard fight ahead to secure ratification without reservations. Those who support unqualified approbation believe they would have been much helped could you have obtained extension of time to exchange ratifications. At least 90 days needed owing to necessity of returning measure to the Senate and impossibility of cloture there. It is conservatively estimated this morning that of 116 deputies 38 oppose, 78 favor unqualified approbation, just two more than two-thirds.

COLLIER

723.2515/1075 : Telegram

The Ambassador in Chile (Collier) to the Secretary of State

SANTIAGO, *November 15 [14], 1922—9 p. m.*
[Received November 15—9:20 a.m.]

81. Chilean Foreign Office has furnished me following official text of resolution approved today by Chamber of Deputies by vote of 78 against 26 with 2 blank votes and 8 absentees, this being nearly three-fourths of those present and voting and exactly two-thirds of total membership:

"The bill of the Senate is approved with the correction of striking out the following (here follows text of reservations to the protocol adopted by the Senate October 16 last).

Consequently the approval by the Chamber of Deputies of the Chilean-Peruvian agreement at Washington is of the following tenor: The protocol of arbitration and the supplementary act signed at Washington on July 20, 1922, by the plenipotentiaries of Chile and Peru are approved.

The ratifications of the protocol and supplementary act shall be exchanged in Washington, notwithstanding the expiration of the period stipulated in article 3, within the new period which the Government of Chile will agree upon with the Government of Peru."

The Minister of Foreign Affairs informs me that no request for extension will be made until after final action of the [Senate]. He is hopeful that Senate will not insist on reservations and is confident that if it does Chamber of Deputies will sustain ratification without reservation by a two-thirds vote which Senate cannot override.

COLLIER

723.2515/1079 : Telegram

The Ambassador in Chile (Collier) to the Secretary of State

SANTIAGO, *November 27, 1922—8 p. m.*
[Received 10:50 p. m.]

89. My 81, November 14, 9 p. m. This afternoon by a vote of 16 to 14 the Senate sustained reservations to protocol which now returns to Chamber of Deputies where it seems as if assured of two-thirds majority. To-day's balloting indicates that Senate will be unable to overcome by requisite majority the expected vote in the Chamber for ratification without reservations.

[COLLIER]

723.2515/1080 : Telegram

The Ambassador in Chile (Collier) to the Secretary of State

SANTIAGO, *November 28, 1922—10 p. m.*
[Received November 29.]

90. My telegram number 89, November 27, 8 p. m. In this evening's session Chamber of Deputies insisted on rejection of Senate reservations to protocol by considerably more than two-thirds majority.

Minister for Foreign Affairs informs me that the protocol will be ratified without reservations by the Senate tomorrow for want of two-thirds needed to sustain reservations.

COLLIER

723.2515/1082 : Telegram

The Ambassador in Chile (Collier) to the Secretary of State

SANTIAGO, *November 29, 1922—10 p. m.*
[Received 11:45 p. m.]

91. My telegram number 90, November 28, 10 p. m. Protocol ratified without reservations by Chilean Congress in consequence of failure of Senate this afternoon to obtain more than 15 votes for reservations, 14 opposed.

COLLIER

723.2515/1082 : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

WASHINGTON, *December 1, 1922—5 p. m.*

65. The Department understands that the Chilean Government has now ratified without reservations the Protocol and Supplementary Act regarding the settlement of the Tacna-Arica dispute and that the only remaining step to put these instruments into operation is the acceptance by Peru of the exchange of ratifications notwithstanding the lapse of time.

The Department learns that the Chilean Government has approached the Peruvian Government through the Ambassadors in Washington in this matter. The American Government is not in a position, in view of the selection of the President of the United States as Arbitrator, to make any formal representations in the premises, but it would learn with gratification that the Peruvian Government had accepted to extend the time within which the exchange of ratifications should take place, in order to permit the ratifications to be exchanged now. From the point of view of the Department, now that the Protocol and Supplementary Act have

been ratified without modifications, the delay of some six weeks over the time specified for the exchange of ratifications would not appear to change the situation, and it would be most regrettable should the settlement of this long standing question be prevented merely on the technical ground of the expiration of the time limit originally stipulated.

The above is for your information, not to be used as a basis of formal representations, but to be used in your discretion should a suitable informal opportunity present itself.

HUGHES

723.2515/1086

The Peruvian Ambassador (Pezet) to the Secretary of State

[Translation [39]]

WASHINGTON, *December 8, 1922.*

MOST EXCELLENT SIR: I have the honor to inform Your Excellency that in accordance with the request made to me in the name of his Government by the Most Excellent Señor Don Beltran Mathieu, Ambassador of Chile to the United States, my Government, upon the authority given by the Congress, and in further proof of the sincerity and uprightness of its acts and also of its principles of peace and American brotherhood, has agreed to extend until the 15th of January next, the time set for the exchange of the ratifications of the protocol and supplementary act signed in Washington on July 20 last by the Special Plenipotentiaries of Peru and Chile, which exchange was to have taken place by October 20 last in accordance with the provision in article 3 of the protocol but which could not then be effected for the reason that the approval of the said instruments was still pending in the Chilean Congress.

I avail myself [etc.] F. A. PEZET

RENUNCIATION BY THE WESTERN TELEGRAPH COMPANY AND THE ALL AMERICA CABLES, IN FAVOR OF AMERICAN AND BRITISH CABLE COMPANIES, OF EXCLUSIVE RIGHTS IN SOUTH AMERICA

835.73/132a : Telegram

The Secretary of State to the Chargé in Argentina (White) [40]

WASHINGTON, *February 4, 1922—7 p.m.*

3. A settlement of the controversy arising out of effort of Western Union Telegraph Company to land its Miami–Barbados cable without

[39] File translation revised.

[40] The same, *mutatis mutandis*, to Brazil (no. 10), with the exception of the last paragraph (file no. 832.73/209a). See last paragraph for instructions to repeat to Montevido as no. 2.

the consent of this Government at Miami, Florida,[41] has now been tentatively arranged on the basis of the following condition as set forth in the draft license handed on December 8th to the representatives of the Western Union and the All America Cable companies:

"That the licensee is not and shall not be associated with any foreign company or concern enjoying in Brazil, or elsewhere in South America, rights of entry, connection, or operation, denied to any American cable company; provided, however, that should the licensee desire to associate itself with any foreign company or concern enjoying in Brazil or elsewhere in South America rights of entry, interport connection or operation which are denied to any American cable company, and said foreign company or concern is willing to surrender such exclusive privileges in case exclusive privileges of similar character enjoyed in South America by any American cable company are likewise surrendered and should such American cable company be unwilling to surrender the same, then and in that event the licensee may apply to the President for abrogation or modification of this condition."

The All Americas at that time and subsequently the Western Telegraph Company, Limited, through the Western Union, expressed their willingness to waive their exclusive privileges and in order to make it possible for the Western Union to accept the first condition of the draft license and to thereafter secure the consent of the President to land their cable at Miami, it was agreed that the Western Company and the All Americas should pass corresponding resolutions surrendering the exclusive rights held by them respectively in South America, in favor of American and British cable companies. These resolutions were then to be exchanged in the presence of an officer of the State Department, and a date fixed for their presentation by the local representative of the companies to the Governments of the South American countries concerned, requesting the said Governments formally to notify their acquiescence in the said waiver to the American diplomatic representatives accredited to them respectively. The latter were thereupon to transmit such notification received by them by telegraph to the Department which would then be in a position to recommend the issuance of a license by the President. This procedure is now being carried out.

On January 25th the following resolution was passed by the Western Telegraph Company, Limited:

"The Western Telegraph Company, Limited. Meeting of the Board of Directors of the company held at the company's offices, Electra House, Moorgate, London, on the 25th January 1922. Minute number 7648. Telegrams exchanged with Mr. Carlton, Washington, since the last meeting of the board, regarding the surrender of preferential or exclusive rights held by the Western Telegraph

[41] See *Foreign Relations*, 1921, vol. I, pp. 815 ff.

Company and the All America Cables, Incorporated, were considered and it was

Resolved: Whereas, the Western Telegraph Company, Limited, enjoys or claims certain preferential or exclusive rights of entry, connection or operation of submarine cables in the Argentine Republic, Brazil and Uruguay; Whereas, the All America Cables, Incorporated, enjoys or claims certain preferential or exclusive rights of entry, connection or operation of submarine cables in Colombia, Ecuador and Peru, and whereas, it has been arranged that the Western Telegraph Company, Limited, and the All America Cables, Incorporated, shall renounce all such preferential or exclusive rights; now, therefore, be it resolved that the Western Telegraph Company, Limited, agrees to renounce, waive, relinquish and surrender in favor of American and British cable companies only, any preferential or exclusive rights of entry, connection or operation of submarine cables now enjoyed or claimed by it in the Argentine Republic, Brazil and Uruguay or elsewhere in South America. However, the Western Telegraph Company, Limited, does not give up its rights of entry, connection or operation of submarine cables but gives up only the preferential or exclusive features of such rights in favor of American and British cable companies. Provided, that this renunciation, waiver, relinquishment and surrender shall become effective upon the presentation to the Department of State of the United States in behalf of the All America Cables, Incorporated, of a corresponding resolution renouncing, waiving and surrendering any exclusive rights of a similar character which it enjoys or claims in Colombia, Ecuador and Peru or elsewhere in South America, and upon the acquiescence in the renunciation, waiver, relinquishment and surrender of the Western Telegraph Company, Limited, by the governments of the Argentine Republic, Brazil and Uruguay and the acquiescence in the renunciation, waiver, relinquishment and surrender of the All America Cables, Incorporated, by the governments of Colombia, Ecuador and Peru. And be it further resolved, that a copy of this resolution shall be transmitted to the Department of State at Washington and to the governments of the Argentine Republic, Brazil and Uruguay."

A corresponding resolution, *mutatis mutandis*, was adopted by the Board of Directors of the All America Cables, Incorporated, on January 30, 1922. The resolutions were examined by the representatives of the Western Union, acting for the Western Company, and of the All Americas in the Department on January 31st, and February 7 was fixed for the presentation of the resolutions to the South American Governments concerned. There may be a few days delay in presenting the resolutions in Bogota and Quito.

After notification to your British colleague and to yourself, the resolution of January 25th will be presented to the Argentine Government by the representative of the Western on Tuesday, February 7th. You are requested to keep the Department promptly informed and to telegraph the text of the formal concurrence of the Argentine Government as soon as it is received by you.

The Department hopes that this solution of the controversy will commend itself to the Argentine Government. It is believed that in removing restrictive monopolies the door will be opened to free and healthy competition and to the establishment of additional cable facilities between North and South America and between the countries of South America, reduction of rates, closer business relations, increased press traffic, and freer exchange of ideas, and bring closer together the peoples of the Western Hemisphere.

[Paraphrase.] The Department's endeavor throughout, as you can easily understand, has been to make possible the extension by American cable companies of their existing systems in South America through the elimination of the monopolies enjoyed by the British Company. Therefore you are to ascertain to your satisfaction that the Argentine Government has acquiesced in proper form and in such a way that the All America Company will, should it so desire, be able to extend its system and operations in Argentina, and that no other American companies will be kept out of the country because of any existing exclusive privileges enjoyed by the Western Telegraph Company. The Department relies on your good judgment to see that the interests of American cable companies in this matter are amply protected.

Repeat to the Legation at Montevideo, this date, as Department's telegraphic instruction no. 2, *mutatis mutandis*. [End paraphrase.]

HUGHES

823.73 All America Cable Co/31 : Telegram

The Secretary of State to the Chargé in Peru (Sterling) [42]

WASHINGTON, *February 6, 1922—5 p.m.*

12. [The first two paragraphs have been omitted since they are identical with those of telegram number 3, February 4, to the Chargé in Argentina, *supra*.]

On January 30th the following resolution was passed by the Board of Directors of the All America Cables, Incorporated:

"Whereas, the All America Cables, Incorporated, enjoys or claims certain preferential or exclusive rights of entry, connection, or operation of submarine cables in Colombia, Ecuador, and Peru; Whereas, the Western Telegraph Company, Limited, enjoys or claims certain preferential or exclusive rights of entry, connection, or operation of submarine cables in the Argentine Republic, Brazil and Uruguay; Whereas, it has been arranged that the All America Cables, Incorporated, and the Western Telegraph Company, Limited, shall renounce all such preferential or exclusive rights; now, there-

[42] The same, *mutatis mutandis*, to Colombia as no. 7 and to Ecuador as no. 1 (file nos. 821.73/26a, 822.73/1a).

fore, be it resolved that the All America Cables, Incorporated, agrees to renounce, waive, relinquish and surrender, in favor of American and British cable companies only, any preferential or exclusive rights of entry, connection, or operation of submarine cables now enjoyed or claimed by it in Colombia, Ecuador and Peru, or elsewhere in South America. However, the All America Cables, Incorporated, does not give up its rights of entry, connection or operation of submarine cables, but gives up only the preferential or exclusive features of such rights in favor of American and British cable companies. Provided, that this renunciation, waiver, relinquishment, and surrender shall become effective upon the presentation to the Department of State of the United States, in behalf of Western Telegraph Company, Limited, of the corresponding resolution, renouncing, waiving and surrendering any exclusive rights of a similar character which it enjoys or claims in the Argentine Republic, Brazil and Uruguay, or elsewhere in South America, and upon the acquiescence in the renunciation, waiver, relinquishment and surrender of the All America Cables, Incorporated, by the Governments of Colombia, Ecuador and Peru, and the acquiescence in the renunciation, waiver, relinquishment and surrender of the Western Telegraph Company, Limited, of the Governments of the Argentine Republic, Brazil and Uruguay.

And be it further resolved, that a copy of this resolution shall be transmitted to the Department of State at Washington and to the Governments of Colombia, Ecuador and Peru."

A corresponding resolution *mutatis mutandis* was passed by the Western Telegraph Company, Limited, on January 25th. The resolutions were examined by the representatives of the Western Union, acting for the Western Company, and of the All Americas, in the Department on January 31st, and February 7th was fixed for the presentation of the resolutions to the South American Governments concerned.

The resolution of January 30th will be presented to the Peruvian Government by the representative of the All America Company on the 7th, or as soon as possible thereafter. You are requested to keep the Department promptly informed and telegraph the text of the formal concurrence of Peru as soon as it is received by you.

The Department hopes that this solution of the controversy will commend itself to the Peruvian Government. It is believed that in removing restrictive monopolies the door will be opened to free and healthy competition and to the establishment of additional cable facilities between North and South America and between the countries of South America, reduction of rates, closer business relations, increased press traffic, and freer exchange of ideas and bring closer together the peoples of the Western Hemisphere.

In waiving the exclusive or preferential features of its rights of entry, connection, or operation of submarine cables in Peru, the All Americas does not surrender the non-exclusive features of such

rights. You should, therefore, satisfy yourself that the acquiescence of the Peruvian Government will not adversely effect [*affect*] the interest of the All America Company in this respect. You will readily understand that the Department's effort throughout has been to eliminate the monopolies enjoyed by the British Company so as to permit American cable companies to extend their existing systems in South America.

HUGHES

835.73/133 : Telegram

The Chargé in Argentina (White) to the Secretary of State

BUENOS AIRES, *February 7, 1922—4 p.m.*
[Received 10 p.m.]

8. Your February 4, 7 p.m. Representative of Western Telegraph Company, Limited, today handed me a copy of his letter of even date to the Minister of the Interior with reference to waiver by that company of its special rights and privileges in the Argentine Republic; translation of the letter is as follows: "James A. Oldham, representative of the Western Telegraph Company, Limited, complying with instructions received from the directorate in London, has the honor to inform Your Excellency that, in order to facilitate direct telegraph line communications between North and South America by way of 'Barbados', their company has resolved the following order." Here follows Spanish translation of the resolution as quoted by you, followed by signature of representative. English text of the resolution is also enclosed.

I replied immediately, stating Embassy had been informed that it was agreed to that the local representative of Western would request the Argentine Government formally to notify Embassy of its acquiescence in the waiver of the rights in question, and pointed out that his letter apparently failed to make this request. Furthermore, with reference to latter's introductory remarks quoted above I stated that the instructions received by this Embassy and the representative of All America Cables stated arrangement was made to advance cable facilities between North and South America without making any limitations as to the route by which such communications shall take place. I told him that Embassy brought this matter to his attention in order that he might take such further steps, if any, as he might deem appropriate to remove any possible misunderstanding.

Doctor Beccar Varela [43] is of opinion that mention of Barbados in introducing resolution in the letter is of no importance and that

[43] Argentine attorney for the All America Cables Co., Inc.

American companies will not be limited to that route for future cables, but I nevertheless deemed it more prudent to make reservations in regard thereto pending the Department's instructions.

When this matter was reported in the press some weeks ago, I spoke informally with Minister of Foreign Affairs and Sub-Secretary of State in regard thereto, and both informed me then that should Western request abrogation of special privileges enjoyed by it, they felt sure desired cancelation could be readily accorded by the Argentine Republic. Representative of Western informs representative All America he anticipates Argentine Government may object to waiver of rights being limited to American and British companies, and may wish it to be made available to all nations. Embassy will keep the Department advised fully of all developments.

WHITE

833.73/39 : Telegram

The Chargé in Uruguay (Armour) to the Secretary of State

MONTEVIDEO, *February 7, 1922—5 p.m.*
[Received February 8—9:47 a.m.]

8. Referring to the Department's number 2, February 4, 7 p. m.[44] Western Telegraph Company today presented to the Uruguayan Minister of Industry a communication embodying resolution of London company, also handing me copy as arranged. I am to be informed of the Government's reply and shall telegraph answer at once; meanwhile, I am in close touch with the manager of the All America Cables.

ARMOUR

832.73/210 : Telegram

The Ambassador in Brazil (Morgan) to the Secretary of State

RIO DE JANEIRO, [*February 7, 1922—5 p.m.*]
[Received 6:50 p.m.]

13. Department's 10, February 4, 4 [7] p. m.[44] Western Telegraph representative sent me this afternoon copy of petition presented today to the Brazilian Government and addressed to the Director General of Telegraphs in the Ministry of Public Works containing copy of Secretary's telegram covering resolution of Western relative to preferential and exclusive rights for the operation of all submarine cables in South America.

MORGAN

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[44] See footnote 40, p. 518.

835.73/133 : Telegram

The Secretary of State to the Chargé in Argentina (White)

WASHINGTON, *February 9, 1922—6 p.m.*

4. Your No. 8, February 7, 4 p.m.

Your action approved.

Department informed by local representative of Western Union and of Western Telegraph Company that appropriate instructions to make necessary corrections on both points mentioned by you will be sent immediately to Oldham.

HUGHES

835.73/135 : Telegram

The Chargé in Argentina (White) to the Secretary of State

BUENOS AIRES, *February 14, 1922—2 p.m.*

[Received 6:15 p.m.]

9. My telegram of February 7, 4 p.m. Representative of Western Telegraph Company today handed me copy of the letter that he is sending to Minister of the Interior modifying first paragraph of his letter of 7th instant so as to exclude all mention of Barbados, and requesting that this Embassy be informed of Argentine Government's acquiescence in waiver of special rights.

WHITE

821.73/28 : Telegram

The Minister in Colombia (Philip) to the Secretary of State

BOGOTÁ, *March 11, 1922—3 a.m.*

[Received March 12—5:40 p.m.]

15. Department's 7, of February 6, 5 p.m.[45] Note dated 9th instant from Minister of the Interior embodies following acceptance of proposal based on All America Cables, Incorporated:

"Ministry of Government, section two of National Telegraphs and Telephones, Bogotá, March 3, 1922. Be it resolved: The Government of Colombia finds no legal impediment to the renunciation by the All America Cables, Incorporated, which is the subject of the resolution of the 30th of last January, of the company mentioned, and consequently the latter may make the renunciation referred to in the petition, in favor of American and British cable companies; it being

[45] See footnote 42, p. 521.

thoroughly understood that, according to the contract in force, article 1 of which is copied above, the last [contract?] terminates the 25th day of August, 1924. It is hereby ordered that the above be communicated to the interested party, and that notice thereof be given to His Excellency the Minister of the United States of America as is requested. The Minister, V. M. Salazar."

PHILIP

835.73/132a supp.: Telegram

The Secretary of State to the Ambassador in Argentina (Riddle)

WASHINGTON, *March 13, 1922—5 p.m.*

6. Referring Department's telegram No. 3, February 4, 7 p.m.

Please telegraph for information of Western Union present status of the matter.

Repeat to Montevideo as Department's No. 5.

HUGHES

835.73/138: Telegram

The Ambassador in Argentina (Riddle) to the Secretary of State

BUENOS AIRES, *March 14, 1922—noon.*

[Received 3:15 p.m.]

17. Your telegram March 13, 5 p.m.

Argentine Government has not yet made any decision in the matter. Neither Western Telegraph Company nor British Legation is pushing matter, nor does either appear to take much interest therein. Does Department desire Embassy to endeavor to hasten matter?

RIDDLE

833.73/45: Telegram

The Chargé in Uruguay (Armour) to the Secretary of State

MONTEVIDEO, *March 14, 1922—4 p.m.*

[Received 8:05 p.m.]

18. Referring to the Department's number 5.[48] No reply received from the Uruguayan Government [relative to] the representations of Western representative.

ARMOUR

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[48] See last paragraph of telegram no. 6, Mar. 13, to the Ambassador in Argentina, printed *supra*.

823.73 All America Cable Co/34 : Telegram

The Chargé in Peru (Sterling) to the Secretary of State

LIMA, *March 23, 1922—5 p.m.*
[Received March 24—9 : 10 a.m.]

23. Department's telegram 12, February 6, 5 p.m. Following is translation of text of Supreme Resolution recognizing waiver of All America Cables:

"Lima, March 15, 1922. In view of request number nine of the All America Cables; in accordance, in part, with the report of the Director General of Posts and Telegraphs; considering: that unquestionably it is advantageous for the Republic to facilitate the immediate application of the renunciation of the privilege to which the request refers, and which has been reciprocally stipulated with the Western Telegraph Company, Limited, under the auspices of the Department of State in Washington; it is resolved: The renunciation which the All America Cables, successors of the Central and South America Telegraph Company, makes in favor of North American or British Cable companies of the privilege which it holds in conformity with clause three of the contract of February 28th, 1905, for the installation, connection, and exploitation of submarine cables to the north [of] Callao, is accepted on the part of the Government of Peru.

Communicate and register; initialed by President of the Republic. (Signed) Rodriguez Dulanto."

STERLING

822.73/4

The Chargé in Ecuador (Deane) to the Secretary of State

No. 796 QUITO, *March 26, 1922.*
[Received April 26.]

SIR: With reference to the Department's telegraphic instruction No. 1, of February 6, 5 P.M.,[49] and in confirmation of my telegram No. 13, March 25, 3 P.M.,[50] I have the honor to transmit herewith copy and translation of the reply of the Government of Ecuador, dated March 22, 1922,[50] to the petition of the All America Cables Incorporated that the Government of Ecuador acquiesce in the renunciation, waiver, relinquishment and surrender by that company in favor of British or American companies of any preferential or exclusive rights of entry, connection or operation of submarine cables then enjoyed or claimed by it in Ecuador.

It will be noted that although the proposition was received with favor by the Government, the President did not believe that the

[49] See footnote 42, p. 521.
[50] Not printed.

Government of Ecuador could legally give such acquiescence without the approval of Congress, which does not convene until next August, and therefore directed that the matter be submitted to that body. Upon a second petition by the Manager of the All America Cables, Incorporated, however, the Government stated that it would place no obstacles in the way of the laying of submarine cables in Ecuador by British or American companies until such time as Congress reached a final decision in the matter.[51]

While the delay in the giving of complete acquiescence by the Ecuadorean Government may cause considerable inconvenience, it is quite possible that the submission of the matter to Congress may in the end prove of advantage to the All America Cables, inasmuch as no important opposition is expected, and inasmuch as it will be the first recognition by Congress of the various contracts between the Government of Ecuador and the Cable Company.

I have [etc.] HAROLD M. DEANE

835.73/138 : Telegram

The Secretary of State to the Ambassador in Argentina (Riddle)[52]

WASHINGTON, *April 6, 1922—7 p.m.*

13. Your No. 17, March 14, noon.

Department is informed that Western Telegraph Company, Limited, has been advised that Argentine Government requires that Company make renunciation of rights in Argentina universal and in favor of all nationalities, and that renunciation be made by petition instead of resolution. Please ascertain whether Company has been correctly informed of attitude of Argentine Government, and whether Argentine law requires that action in such cases be in form of petition.

Renunciation by Western Telegraph Company of its exclusive privileges in Argentine Republic was undertaken by Company as part of plan to bring about mutual abandonment by the Western Company and the All Americas Company of exclusive privileges which they enjoy in various countries in South America. Department has been notified that Governments of Colombia and Peru[53] have concurred in waiver made by All Americas Company; that Government of Ecuador has agreed to interpose no obstacle to plan

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[51] The Ecuadoran Congress approved the renunciation of the monopoly in October 1922.

[52] The last two paragraphs were sent, *mutatis mutandis*, as telegram no. 8 to the Chargé in Uruguay (file no. 833.73/75).

[53] See telegrams no. 15, Mar. 11, from the Minister in Colombia, and no. 23, Mar. 23, from the Chargé in Peru, pp. 525 and 527, respectively.

pending action by Ecuadoran Congress which was deemed necessary inasmuch as modification of concession of All Americas Company was involved.[54] Department has not been informed of final action in matter by Government of Brazil, but understands that favorable recommendations have been made by Brazilian authorities concerned.

Please inform Foreign Office that inasmuch as cable facilities between United States and South America are affected by existing monopolies in cable privileges, the United States Government is deeply interested in removal of those monopolies. This Government would be gratified if the Argentine Government could see its way clear to acquiesce in waiver undertaken by Western Company.

HUGHES

835.73/146 : Telegram

The Ambassador in Argentina (Riddle) to the Secretary of State

BUENOS AIRES, *June 1, 1922—4 p.m.*

[Received 9:15 p.m.]

36. Department's telegram 3, February 4, 7 p.m. Have just received from Argentine Foreign Office copy of decision of Minister of the Interior regarding waiver of privileges by Western Telegraph Company. Translation follows:

"In applying the laws to private individuals the Government renders decisions only with regard to the concrete cases which may be brought before it. In this case the Government, acting on a petition to lay a cable within jurisdictional waters for communication with the Republic of Uruguay, did not recognize the preference claimed by the applicant company. It is, therefore, impossible that in the only concrete case involving the two companies which has occurred up to the present, the Government should consent to admit the renunciation of a right which for it does not exist, as it has expressly recognized such to be the case. I believe, therefore, that the only action that should be taken in this matter is that the Directorate of Posts take note thereof and that no other action be taken. Buenos Aires, May 2, 1922. Signed Vicente F. Lopez.

Buenos Aires, May 4, 1922. Let the foregoing ruling of the Procurador del Tesoro be adopted as a decision and be placed in the archives after the necessary stamps have been attached thereto. Signed Beiró."

This decision appears to have no bearing on articles 8 and 13 of Western Company's 1909 concession and its bearing on article 17 is not clear as it is understood that permission to All America to

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[54] See despatch no. 796, Mar. 26, from the Chargé in Ecuador, *supra*.

lay cable to Uruguay was granted on the ground that cable was sub-fluvial and not submarine.[55]

Director General of Posts and Telegraphs has been out of the city for two weeks. As soon as he returns Embassy will endeavor to obtain his interpretation of the above.

RIDDLE

832.73/229 : Telegram

The Chargé in Brazil (Crosby) to the Secretary of State

RIO DE JANEIRO, *June 20, 1922—1 p.m.*

[Received 2:22 p.m.]

56. My 44, May 2, 10 a.m.[56] Am unofficially informed by Foreign Office that Brazilian Government accepts resolution presented by Western Telegraph Company on February 7th last[57] and that official confirmation will be sent me in a few days.[58]

CROSBY

835.73/146 : Telegram

The Secretary of State to the Ambassador in Argentina (Riddle)

WASHINGTON, *June 21, 1922—6 p.m.*

24. Your 36, June 1, regarding cable landing.

Department is extremely desirous of obtaining definite information on which it may base final action with regard to the application

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[55] The following articles are from the copy of the concession transmitted to the Secretary of State by the President of the Central and South American Telegraph Co., June 30, 1913 (file no. 835.73/17) :

"ARTICLE 8. The enterprise will not enjoy guarantees, subvention or premium of any kind, but the National Government will not give any subvention or any other way benefit any other cable or telegraph enterprise, established or that may be established.

"ARTICLE 13. The National Government is obliged to use the cable via Ascension for its official telegraphic communications with Europe, North America and Africa, and to transmit by the same cable every telegram that, with similar destination and origin from the exterior or from the interior, passes for the telegraph of the nation, without route expressly determined.

"ARTICLE 17. If during the term of twenty-five years, counting from the signing of this contract, any enterprise should present to the National Government propositions that it deems advantageous for establishing a new submarine cable between the Argentine Republic and another country it will give preference if conditions are equal to the 'Western Telegraph Company.'"

[56] Not printed.

[57] See telegram no. 13, Feb. 7, from the Ambassador in Brazil, p. 524.

[58] The Chargé was officially informed on June 24 that the Brazilian Government accepted the renunciation of preferential or exclusive rights enjoyed by the Western Telegraph Company in Brazil. The Executive Decree authorizing the renunciation was issued on July 25, 1922.

of the Western Union Company to land at Miami Beach, Florida, a cable connecting with the Western Telegraph Company's cable at Barbados. It would be very useful in making a decision in this matter to receive a statement from the Government of the Argentine Republic whether, in view of the waiver made by the British Western Company of privileges asserted under the contract of June 3, 1909, between the company and the Argentine Government, this contract would nevertheless to any extent stand in the way of the granting of an application from any American concern to land and operate a cable in the Argentine Republic on terms of equality with the Western Company, and in particular whether rights under Articles 13 and 17 of the contract might be regarded as extinguished so far as regards American concerns. This question of course relates solely to any obstacle to the granting of applications of American citizens that may result from the contract in question and is not concerned with Argentine law, apart from the laws relating to the contract, or the policy of the Argentine Government that might determine action with respect to the granting of an application in any given case.

The Department is informed that the Government of Brazil has acquiesced in the waiver of the Western Telegraph Company of monopolistic privileges enjoyed by the company in that country.[59] If the Department could now obtain a definite statement from the Argentine Government to the effect that the company's contract with the Argentine Government is not an obstacle to the granting of applications of American cable concerns by the Argentine Government, the Department would be in a position to take final action with respect to the pending application of the Western Union Company.

Communicate with Foreign Office in sense of foregoing and endeavor to obtain a prompt reply. Telegraph report.

HUGHES

833.73/51

The Chargé in Uruguay (Armour) to the Secretary of State

No. 801 MONTEVIDEO, *June 23, 1922.*
[Received July 14.]

SIR: With reference to the Legation's despatch No. 792 of May 25, 1922 [60] in regard to the renunciation by the Western Telegraph Company, Limited, of all special rights and privileges claimed in Uru-

[59] See telegram no. 56, June 20, from the Chargé in Brazil, *supra.*
[60] Not printed.

guay, I have the honor to transmit herewith the copy and translation of a note received, on the 14th instant,[60a] from the Ministry for Foreign Affairs forwarding an authenticated copy of the dossier of correspondence exchanged by the above company and the Uruguayan Government.

The Department will note that the dossier in question is an exact copy of that transmitted as an enclosure to the Legation's despatch referred to above. I am, however, sending the original enclosure, as received from the Foreign Office, in the belief that the Department may wish to possess it as a matter of official record.

I have [etc.] NORMAN ARMOUR

[Enclosure—Translation [61]]

Dossier Prepared by the Uruguayan Government Concerning Correspondence with the Western Telegraph Company

Testimony: Montevideo, February 7, 1922. His Excellency, the Minister of Industries, Dr. Luis C. Caviglia.—Robert H. Kibbey, Superintendent of the Western Telegraph Company, Ltd., in compliance with the instructions received from the Board of Directors in London, has the honor of informing Your Excellency that, in order to facilitate direct telegraphic communication between North and South America, via "Barbados Island", this Company has resolved as follows:

[Here follows the text of the resolution of January 25, quoted in telegram no. 3, February 4, to the Chargé in Argentina, page 518.]

I greet Your Excellency with my highest consideration. (Signed) R. H. Kibbey

Ministry of Industries.—February 9, 1922.—Referred to the Council of Posts, Telegraphs and Telephones. (Signed) Caviglia.

Directive Council of Posts, Telegraphs and Telephones.—The Directive Council, in its session of February 23, 1922—act 1318—resolves to refer this matter to the Telegraph Commission. (Signed) Cesar Miranda, President.—G. Papini, Secretary General.

Telegraph Commission.—Honorable Council: The establishment of submarine cables in this country is governed by the law of October 17, 1919 which declares the service of cable communications open to all competitors and prohibits the concession of privileges, preferences or premiums to the companies. Therefore the Uruguayan Government is not in any way concerned with the agreement made between the Western Telegraph Company, Limited, and the All America Cables.—As in the attached note of February

[60a] Not printed.
[61] Filed separately under file no. 833.73/50.

15th, last,[62] the Western Telegraph Company requests that, if the Executive Power acquiesces the renunciation, waiver, relinquishment, etc., the Chargés d'Affaires of Great Britain and the United States of America accredited to the Uruguayan Government be so informed, there is no objection, in our judgment, that the resolution passed be communicated to them. A copy of this dossier should be transmitted by the Executive Power to the High Court of Justice. The intervention assigned to it by Article 21 of the law of October 17, 1919, in the differences which may arise between the cable companies and the Executive Power might make useful to the former the knowledge of these antecedents. Montevideo, April 5, 1922. (Signed) J. Rampon.—Julio J. Ader.

Directive Council of the General Administration of Posts, Telegraphs and Telephones.—In accordance with the foregoing report of the Telegraph Commission, the Directive Council, in its session of April 5, 1922—act 1345—resolves that this dossier be transmitted with an accompanying note to the Ministry of Industries. (Signed) Rampon, Vice President.—G. Papini, Secretary General.

General Administration of Posts, Telegraphs and Telephones.—Montevideo, April 27, 1922.—His Excellency, the Minister of Industries, Dr. Luis C. Caviglia.—I have the honor to transmit to your Ministry the attached dossier in regard to the action initiated by the Western Telegraph Company with the object of facilitating direct telegraphic communication between the two Americas, the same having been referred to the General Administration of Posts, Telegraphs and Telephones, whose Directive Council, over which I preside,—in its Act No. 1345—approved the report of the Telegraph Commission. I reiterate to Your Excellency the assurance of my highest consideration. (Signed) Cesar Miranda, President.—L. M. Revuelta, Pro Secretary General.

Ministry of Industries.—Montevideo, May 3, 1922.—Referred to the Attorney General of First Instance for examination. (Signed) Caviglia.

Office of the Attorney General of First Instance.—The agreement that the Western Telegraph communicates to Your Excellency has for its object the reciprocal renunciation made by that Company and the All America Cables to the exclusive rights and preferences which they claim in various countries.

As it is not a merger agreement which would require the approval of the Executive Power according to Article 18 of the law of October 17, 1919, the Uruguayan Government is not in any way concerned. Therefore Your Excellency must limit yourself to making acknowledgment without recognizing any exclusive rights or preferences in

[62] Not printed.

the Western which, according to Article 1 of the said law, it does not possess in the country.

Nevertheless Your Excellency may decide as deemed best. Montevideo, May 6, 1922.—(Signed) L. Varela.

Ministry of Industries.—Montevideo, May 11, 1922.—In accordance with the foregoing opinion, notify and file. (Signed) Caviglia.

Ministry of Industries.—Filing and Information Department.—I have notified the Company of the foregoing resolution.—Montevideo, May 13, 1922.—(Signed) F. Castillon.—H. W. Guimaraes.

835.73/151 : Telegram

The Ambassador in Argentina (Riddle) to the Secretary of State

BUENOS AIRES, *July 1, 1922—7 p.m.*
[Received July 2—12 : 05 a.m.]

40. Your no. 25, June 28, 6 p.m.[63] Minister of the Interior and Procurador del Tesoro Lopez assured me today that they would favor granting permission to any American cable company to lay a cable to Brazil, and they felt sure that Argentine Government could have no objection; but that administrative measures to make this binding would probably require six weeks to two months although no congressional action is necessary. Lopez stated that in his opinion article 13 was a precarious concession [64] for the reason that no term was specified and could therefore be rescinded by Congress, and that article 17 would not prove bar to the laying of a cable by any company.

RIDDLE

835.73/151 : Telegram

The Secretary of State to the Ambassador in Argentina (Riddle)

WASHINGTON, *July 7, 1922—6 p.m.*

27. Your 40, July 1, 7 P.M.

Department not entirely clear concerning information contained in your telegram. Please examine carefully Department's 24, June 21. You will observe Department now is solely concerned with question whether, in view of waiver made by British Company, privileges asserted under contract of June 3, 1909, would stand in the way of landing and operating American cables in Argentine Republic on terms of equality with any other concern, and in particular

[63] Not printed.
[64] i.e., the privilege was held during the pleasure of the grantor.

whether rights under Articles 13 and 17 of contract might be regarded as extinguished. Department's inquiry did not have reference to landing of any particular cable. It is desired you communicate at once again with Foreign Office in sense of the following and endeavor obtain written reply:

" My Government is gratified to receive the information furnished to me regarding the attitude of the Argentine Government with respect to the rights which they might be disposed to accord to American concerns with regard to the landing and operation of cables in the Argentine Republic in view of the waiver made by the British Western Company of privileges asserted under its contract of June 3, 1909, with the Argentine Government. As I have previously pointed out, my Government in making an inquiry concerning this matter has in mind solely the question whether the contract would be an obstacle to the granting to an American concern that might desire to lay a cable of privileges equal to those enjoyed by any other concern. My Government, in order to complete its information, so that it may take final action with respect to the application of the Western Union Company, would greatly appreciate being specifically informed on the point, which is not entirely clear to it, whether the Argentine Government considers that, in view of the waiver made by the British Western Company, the Argentine Government is no longer under legal obligations to accord the Company the benefits of Article 13 of the contract."

Endeavor obtain prompt reply.

HUGHES

835.73/154 : Telegram

The Acting Secretary of State to the Ambassador in Argentina (Riddle)

WASHINGTON, *August 7, 1922—4 p.m.*

34. Your 50, August 4, noon.[65]

Please make frequent inquiries of Argentine Government, impressing on authorities extreme urgency and importance [of] matter. Keep Department promptly informed.

HARRISON

835.73/158 : Telegram

The Ambassador in Argentina (Riddle) to the Secretary of State

BUENOS AIRES, *August 11, 1922—7 p.m.*

[Received 8:16 p.m.]

52. Department's 34, August 7, 4 p.m. Minister for Foreign Affairs today informed me that in view of Western Company's re-

[65] Not printed.

nunciation, the Argentine Government does not consider that contract constitutes an obstacle to granting equal privileges to an American company and he promised me early written note in confirmation. . . .

RIDDLE

811.73 W 52/76 : Telegram

The Ambassador in Brazil (Morgan) to the Secretary of State

RIO DE JANEIRO, *August 13, 1922—10 a.m.*
[Received August 14—9 : 35 a.m.]

92. Agencia Americana has arranged that Presidents Harding and Pessoa shall exchange complimentary telegraphic messages on September 7th over new line Brazil–Barbados–Miami. Manager of agency inquires whether cable line can be opened for this service on that date now that interested governments have given Western and All America Companies permission to surrender their respective monopolies on east and west coasts.

MORGAN

811.73 W 52/76 : Telegram

The Secretary of State to the Ambassador in Brazil (Morgan)

WASHINGTON, *August 17, 1922—4 p.m.*

116. Your 92, August 13, 10 a.m.

Argentine Government has not, as yet, formally acquiesced in waiver by Western Telegraph Company of monopolistic privileges now enjoyed by it in the Argentine. It is hoped that favorable action in that respect will be taken shortly by the Argentine Government. Department will be most happy to arrange for proposed exchange of complimentary messages as soon as Argentine Government has acquiesced, thereby making it possible to issue a license to operate the cable at Miami Beach for the purpose of carrying messages between the United States and South America.

HUGHES

835.73/158 : Telegram

The Secretary of State to the Ambassador in Argentina (Riddle)

WASHINGTON, *August 21, 1922—3 p.m.*

41. Your August 11, 7 p.m.

It will be a source of great satisfaction to me personally, if, before my departure from Washington Wednesday next, I should be in a

position to announce definitely the opening of this additional means of communication with the countries of South America.

Please see the Minister for Foreign Affairs, advise him of the foregoing, emphasize my personal interest, and express the hope that he may find it possible to give the promised confirmation which would be most gratifying to this Government.

HUGHES

835.73/160 : Telegram

The Ambassador in Argentina (Riddle) to the Secretary of State

BUENOS AIRES, *August 23, 1922—6 p.m.*
[Received 8:15 p.m.]

57. Your 41, August 21, 3 p.m. Foreign Office has just sent me copy of resolution signed to-day by Minister of the Interior, translation follows:

"Buenos Aires, August 23rd. Considering the requests of the Western Telegraph Company and the All America Cables, Incorporated, and the request contained in the memoranda of the Embassy of the United States and considering the report of the Directorate General of Posts and Telegraphs and the decision of the Attorney of the Treasury and without admitting the existence of the privileges claimed by the Western Company as regards communication with the countries of America or the right either to abandon in favor of any specific concerns any privileges which it might possess or the right to assign or transfer said privileges; the Minister of the Interior resolves

To make known to the interested parties that the contract of June 3rd, 1909, with the Western Company is not an obstacle to conceding to American companies the right to land a cable in the territory of the Republic or to sending telegrams by cables of United States companies.

Let it be communicated to the Directorate General of Posts and Telegraphs in order to put this resolution into execution in conformity with the aforementioned considerations. (Signed) Beiró".

RIDDLE

811.73 W 52/92a : Telegram

The Acting Secretary of State to the Ambassador in Argentina (Riddle)[66]

WASHINGTON, *August 25, 1922—7 p.m.*

44. Your 57, August 23, 6 P.M.

The President today signed a license authorizing the Western Union Telegraph Company to land and operate at Miami Beach,

[66] The same, *mutatis mutandis*, to Brazil (no. 131), to Colombia (no. 43), to Ecuador (no. 21), to Peru (no. 55), and to Uruguay (no. 15). (File nos. 811.73 W 52/92c, 92f, 92d, 92e, 92b.)

Florida, a cable extending from there to Barbados where it connects with a cable of the Western Telegraph Company, Limited, going to Brazil.[67] The granting of this license was conditioned on the waiver by the Western Telegraph Company and by the All America Cables, Inc., of their exclusive privileges in South America. This action was taken after satisfactory expressions were received from the Governments of South America concerned regarding the waivers of the Western Telegraph Company and All America Cables.

You may convey to the Argentine Government an expression of this Government's appreciation of the sympathetic consideration which was accorded by the Government of Argentina to the proposal of this Government and the Companies concerned looking to the removal of restrictive monopolies in cable communications, and express the hope that the way is now open for free and beneficial competition for cable traffic and for the establishment of additional cable facilities between North America and South America and between the countries of South America resulting in closer business relations, freer exchange of ideas and more intimate association of the people of the Western hemisphere.

PHILLIPS

FAILURE TO SECURE RATIFICATION OF THE CABLE AGREEMENT BETWEEN THE UNITED STATES, GREAT BRITAIN, AND ITALY, SIGNED AT THE PRELIMINARY COMMUNICATIONS CONFERENCE OF 1920[68]

573 A 1/a : Telegram

The Secretary of State to the Chargé in Great Britain (Wright)

WASHINGTON, *March 9, 1921—4 p.m.*

135. Delegates of Great Britain, Italy and United States to Preliminary Communications Conference reached an agreement on December 10, 1920, providing for reciprocal facilities for the landing of cables for relay purposes.[69] The agreement was concluded *ad referendum* to the respective governments for approval and subject to ratification in accordance with their constitutional forms. Agreement was attached as an annex to report of Sub-Committee on International Cable and Radio Law and on Cable Landing Rights.

Please communicate with Foreign Office, calling attention to facts set forth above, and stating that this Government considers it de-

[67] The license, however, bears the date of Aug. 24.

[68] For papers on the Preliminary Communications Conference of 1920, see *Foreign Relations*, 1920, vol. I, pp. 107 ff.

[69] For text of agreement, see telegram no. 91, May 14, 1921, to the Ambassador in Italy, p. 539.

sirable that the three signatory countries should reach an understanding regarding the best method of giving effect to the agreement, and to bring about the adherence thereto of other nations, and that it is suggested that plenipotentiaries might be designated by each nation to sign the agreement again with slight modifications not affecting its substance, such modifications to consist merely of a preamble, which would take the place of the first paragraph, and of the addition of conventional provisions with regard to adherence by non-signatory powers, ratification, and termination. Inquire if such procedure would be agreeable to British Government. Repeat *mutatis mutandis* as Department's No. 35 to Rome.

HUGHES

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573 A 1/4 : Telegram

The Ambassador in Italy (Johnson) to the Secretary of State

ROME, *May 7, 1921—5 p.m.*
[Received May 8—6:20 a.m.]

119. Reference Department's 35 March 9th,[70] and 80, April 29th,[71] and Embassy's 115, May 4th,[71] concerning agreement of Preliminary Communications Conference. Foreign Office now informs Embassy in *note verbale* that before expressing an opinion in the matter the competent Royal ministries to which the question was referred desire to be informed as to what telegraph cables America and England wish to have established in contact with the Italian coast. They also desire to be informed whether the conference contemplates relay stations with automatic or manual transmission or stations destined for the acceptance of local telegrams. Foreign Office promises immediately to examine into the matter further as soon as this information is furnished.

JOHNSON

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573 A 1/5a : Telegram

The Secretary of State to the Ambassador in Italy (Johnson)

WASHINGTON, *May 14, 1921—5 p.m.*

91. For your information the following is full text of agreement of December 10, 1920 referred to in Department's 35 of March 9, 1921, 4 p.m.[70]

"The undersigned, representatives of the Governments of the United States of America, Great Britain and Italy, have concluded

[70] See telegram to Great Britain, *supra*.
[71] Not printed.

the following agreement providing for reciprocal facilities for the landing of cables for relay purposes, *ad referendum* to their respective Governments for approval and subject to ratification in accordance with their constitutional forms:

Certain points and islands shall be especially designated as available on equal terms to the nationals of all the states, signatory to this protocol, which give reciprocal facilities for the landing of cables for automatic relay purposes or for manual retransmission. The sovereignty of the state having jurisdiction over the point or island in question shall be in no wise impaired or limited except as provided in this agreement. If as a consequence of the point or island in question being made a military or specially defended area, it becomes desirable that a cable already landed on such point or island should be removed, the state concerned can require the removal of the cable in question on a reasonable notice. The detailed conditions governing the landing of a cable and its possible removal shall form the subject of agreement between the parties interested.

Messages in transit over such cables are not subject to interference, examination or censorship by authorities of the jurisdiction unless the state having jurisdiction is itself a party to a war or obligated to maintain neutrality or involved in a local disturbance; in the two latter cases supervision of messages is permitted only to the extent necessary in order to insure that no unauthorized local messages are transmitted.

Messages in transit over such cables are not subject to a transit tax nor are the owners of the cables subject to any taxation except an income tax upon the proceeds of any local business done and taxation upon the tangible property within the jurisdiction, which taxes shall be general and non-discriminatory. Persons engaged in the local operation of the cable and their property within the jurisdiction are subject to such general and non-discriminatory taxation as is or may be payable by all persons or property within the jurisdiction."

Signed by representatives of the United States, Great Britain and by Brambilla for Italy.

It was clearly understood by the framers of above agreement that it was drawn up without reference to any specific plans for cable extension. The purpose of the agreement was to provide a working basis upon which the signatory countries, which it was hoped would eventually include most of the countries of the world, could proceed with general plans for cable extension. You will observe from the text of agreement that details concerning the landing of any specific cable are subject to agreement of parties concerned. In view of foregoing the Department does not fully understand why the Italian Government should require information concerning specific plans before considering further the agreement of December 10th. You may inform the Italian Government that the Department has no information concerning plans to lay an American cable to Italy nor has it any information concerning British plans.

You will observe from the text of agreement that the setting aside of specially designated places for the purpose of manual as well as automatic relay, is contemplated and that there is provision also for eventual collection of taxes on local business. Presumably the question of type of relay employed and question of local business would be dealt with in specific agreement covering each individual cable.

[Paraphrase.] Following is for your information. The above agreement resulted from discussions extending over a period of many weeks. Although the agreement was signed *ad referendum* it was the distinct belief of our delegates that in approving the agreement the Italian delegates knew the attitude of the Italian Government. This agreement is considered by the Department to be an important move toward a condition making a freer extension of cable facilities possible. [End paraphrase.]

HUGHES

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573 A 1/6 : Telegram

The Chargé in Italy (Gunther) to the Secretary of State

ROME, *June 6, 1921—6 p.m.*
[Received June 10—6:30 a.m.]

151. Department's 91, and previous telegrams concerning reciprocal cable facilities. Following is translation *note verbale* today received from Foreign Office in reply to Embassy's representations based on Department's 91.

"The Royal Ministry of Foreign Affairs after having obtained the opinion of the competent ministries, has the honor to inform the American Embassy in reply to its *note verbale* number 424 May 17th [74] that the Italian Government is disposed to come to an understanding with the American and English Governments regarding these special projects which they may consider presenting to it for the landing of telegraph cables in the territory of the Kingdom and the erection of stations for manual and automatic retransmission of cablegrams.

The Italian Government at this moment holds however that while awaiting the definite settlement of the question of the division of the ex-German cables it must defer its requested adherence to the general order agreed upon relative to the installations mentioned above as proposed by the delegates of America, England, and Italy at Preliminary Conference at Washington in December."

GUNTHER

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[74] See telegram no. 91, May 14, 1921, to the Ambassador in Italy, p. 539.

573 A 1/8

The Ambassador in Great Britain (Harvey) to the Secretary of State

No. 1315 LONDON, *May 18, 1922.*

[Received June 1.]

SIR: With reference to the Department's telegraphic instruction No. 135, of March 9, 4 p.m., 1921, relative to the agreement negotiated, *ad referendum*, at the International Communications Conference at Washington, for the provision of reciprocal facilities for the landing of cables for relay purposes, I have the honor to enclose herewith a copy of a note, dated May 16, 1922, transmitting the reply of the Foreign Office to this Embassy's representations in regard to this matter.

I have [etc.]

For the Ambassador:
POST WHEELER
Counselor of Embassy

[Enclosure]

The British Secretary of State for Foreign Affairs (Curzon) to the Ambassador in Great Britain (Harvey)

No. A 3166/248/45 [LONDON,] *May 16, 1922.*

YOUR EXCELLENCY: I have the honour to refer to Mr. Butler Wright's note of the 10th. March, 1921,[75] with regard to the agreement negotiated, *ad referendum*, at the International Communications Conference at Washington, for the provision of reciprocal facilities for the landing of cables for relay purposes.

2. I have the honour to inform Your Excellency that the proposed agreement has been carefully considered by His Majesty's Government and by the governments of the Dominions, but that it is not proposed to proceed to its ratification. I should, however, add that requests for permission to land cables on British territories will in future, as in the past, be considered on their merits, and His Majesty's Government trust that the practical results hoped for as a result of the proposed agreement will in fact be secured, as far as British territories are concerned, by the continuance of the practice under which His Majesty's Government have hitherto given all possible facilities for the development of international communications.

I have [etc.]

(In the absence of the Secretary of State)
R. SPERLING

[75] See telegram no. 135, Mar. 9, 1921, to the Chargé in Great Britain, p. 538.

REFUSAL BY THE UNITED STATES TO RATIFY THE CONVENTION FOR THE CONTROL OF THE TRADE IN ARMS AND AMMUNITION, SIGNED SEPTEMBER 10, 1919 [76]

511.3 B 1/68

The Secretary General of the League of Nations (Drummond) to the Secretary of State

GENEVA, *March 8, 1921.*

SIR: The following Resolution was adopted by the Assembly of the League of Nations on December 14th, 1920, on the proposition of the Sixth Committee of the Assembly:

"1. The Committee, having received a report of Sir Cecil Hurst [77] on the Convention for the Control of the Trade in Arms and Ammunition which was signed at Saint-Germain on September 10th, 1919, by the United States of America, Belgium, Bolivia, the British Empire, China, Cuba, Equador, France, Greece, Guatemala, Haiti, Fiji [*sic*], Italy, Japan, and other Powers, and being greatly impressed by the value of this Convention as an instrument of civilisation, and by the evils which would ensue from its non-observance, are anxious that the signatory Powers should proceed without delay to ratification and to the establishment of the International Office of Control contemplated by the Convention.

"2. The Committee note that the signatory Governments declared in a Protocol that it was contrary to the intention of the High Contracting Parties and to the spirit of this Convention that, pending the coming into force of the Convention, a Contracting Party should adopt any measure which is contrary to its provisions.

"3. The Committee note, however, that it has not been possible for the Powers to give full effect to their Protocol, and that up to the present time the Convention of Saint-Germain has had no effect save upon the traffic in arms to the certain special areas specified in the Convention.

"The Committee would therefore urge that the Assembly should declare its high sense of the gain to civilisation which would ensue from a strict control of this traffic, and should invite the Council to urge upon all Governments without delay (*sic*) speedy ratification of, or adhesion to, the Convention."

The Council of the League of Nations is in complete agreement with the Assembly as to the importance of securing the ratification of the Arms Traffic Convention at the earliest possible date.

The Council considers that the best method of giving effect to the Resolution of the Assembly is to bring it to the notice of all Gov-

[76] For text of convention and earlier documents relating thereto, see *Foreign Relations*, 1920, vol. I, pp. 179 ff.

[77] Legal Adviser to the British Foreign Office.

ernments signatories of the Convention, urging that it should be ratified at the earliest possible date and suggesting that, should any Government consider it necessary, its ratification might be accompanied by the reserve that it should not take effect until other signatory Powers have also ratified.

I therefore have the honour to enquire, in the name of the Council, whether the United States Government is prepared to ratify the Convention, and if so, whether it desires to make the reservation referred to above. The Council would highly appreciate an early reply to this enquiry.

A similar letter has been sent to Governments not signatories of the Convention, asking them whether they would be prepared to sign and to ratify the Convention on the same conditions.

I have [etc.] ERIC DRUMMOND

511.3 B 1/57

The Secretary of State to the Chargé in Great Britain (Wright)

[No.] 1267 WASHINGTON, *March 29, 1921.*

SIR: The Department has received your No. 3351 of August 31 [*30*], 1920,[78] transmitting "for the information of the Department", a communication addressed to the President by the Secretary of the Permanent Advisory Commission of the League of Nations on Military, Naval and Air Questions, in which request is made that the Secretary General of the League be furnished with information regarding the export of arms and munitions from the United States "in accordance with the principles laid down in Article XXIII, paragraph (d) of the Covenant, and in the Arms Traffic Convention", signed at Paris [and Saint Germain] on September 10, 1919.

In reply to your despatch you are informed that it is not deemed practicable to make an answer to the communication.

I am [etc.]

For the Secretary of State:
HENRY P. FLETCHER

511.3 B 1/71

The Secretary General of the League of Nations (Drummond) to the Secretary of State

GENEVA, *November 21, 1921.*
[Received December 8.]

SIR: On the recommendation of the Third Committee, the Assembly of the League of Nations adopted on the 1st October 1921 a

[78] Not printed.

resolution to the effect " that the urgent importance of ratifying the Convention at the earliest possible moment should be strongly impressed on all the States signatories to the Arms Traffic Convention of St. Germain, whether Members of the League of Nations or not, and at the same time all non-signatory States should be invited to adhere to the Convention ".

The Council of the League, in considering the above Resolution, expressed its complete agreement with the Assembly as to the importance of securing the ratification of the Arms Traffic Convention at the earliest possible date. It therefore decided, at its meeting of the 12th October, that the Assembly's Resolution should be brought to the notice of all States which had not notified the League of their intentions on the subject.

I therefore have the honour to enquire, in the name of the Council, whether the Government of the United States of America is prepared to ratify the Convention of St. Germain. The Council would highly appreciate an early reply to this enquiry.

A similar letter is being sent to Governments not signatories of the Convention, asking them whether they would be prepared to adhere to the Convention.

I have [etc.] ERIC DRUMMOND

511.3 B 1/80

Mr. Balfour, of the British Delegation at the Conference on the Limitation of Armament, to the Secretary of State

WASHINGTON, *January 4, 1922.*

DEAR MR. HUGHES: With reference to our conversation yesterday on the subject of the Arms Traffic Convention of St. Germain, I am enclosing herewith a draft Resolution which has been prepared in the British Empire Delegation, and which I hope will meet with your approval. As you are aware, the United States and all the other Powers represented at the present Conference were among the score of signatories to the Convention, with the sole exception of Holland, which has since expressed its intention of adhering.

The main objects of the Convention are to bring the international traffic in arms under control, and in particular to apply to it the great safeguard of publicity, while subjecting to more stringent supervision the export of arms to certain defined territorial areas within which it is to the general interest that the traffic should be more strictly controlled.

It will be evident that a Convention of this character depends essentially on the general assent of all the principal countries by which the export of arms is carried on, as otherwise its only effect

may be to divert the traffic to other channels. Hence, up to the present the principal signatories, while expressing their readiness to ratify the Convention, have naturally made this conditional on the acceptance of the Convention by all the principal Allied and Associated Powers.

For this reason both my Government and, I believe, the Governments of all the principal Allied Powers are very anxious that the United States should, if possible, ratify the Convention, subject to such reservations as may be necessary in respect of any provisions involving the jurisdiction of the League of Nations.

I am assured that any such reservations would be willingly accepted by the signatory Powers.

I shall be very glad to give any further information in my power.

Yours sincerely,

ARTHUR JAMES BALFOUR

[Enclosure]

Draft Resolution Providing for the Acceptance of the Provisions of the Arms Traffic Convention

The Powers represented at this Conference, recognising the great importance of bringing the international Traffic in Arms under regulation, declare their acceptance of the provisions of the Arms Traffic Convention concluded at St. Germain-en-Laye on 10th September 1919, and their intention of giving effect to those provisions at the earliest possible date. In making this declaration the United States, not being a member of the League of Nations, reserves its assent to any provisions of the Convention which require disputed questions to be submitted to the jurisdiction of the League. The United States Government is however prepared to furnish all information as to its proceedings under the Convention to the Central Authority established thereunder.

The other Powers represented at the Conference which are members of the League of Nations accept the above reservation so far as concerns themselves and will use their good offices to ensure that it shall be accepted by the other signatories of the Convention.

511.3 B 1/82

The Economic Adviser to the British Delegation at the Conference on the Limitation of Armament (Smith) to the Assistant to the American Delegation (Harrison)

WASHINGTON, *February 4, 1922.*

DEAR MR. LELAND HARRISON: After our recent conversation on the subject of the Arms Traffic Convention, you kindly promised to

refer to Mr. Hughes as regards the three alternative methods of procedure which were mentioned in our discussion, viz:

(1) Ratification of the Convention by the United States of America with reservation as to the provisions referring to the League of Nations.
(2) Enactment of legislation by the United States of America giving power to the Government to prohibit the export of Arms and Ammunition to all destinations, except under licence, together with some provision analogous to Article 11 [79] of the Convention.
(3) An effort to negotiate a new Arms Traffic Convention in a form agreeable to the United States of America.

As you remember, we were fully alive to the difficulties of each of these courses, but before proceeding further you desired to take the instructions of the Secretary of State thereon. You also promised to enquire if there were any substantial objections to any of the provisions of the Convention of St. Germain other than the references to the League of Nations.

I have no doubt that in the last few days you have found it difficult to approach the Secretary of State on the subject, but if you are in a position to make any communication to me before our departure I should be very grateful. I leave Washington on Monday morning after the plenary session.

Yours sincerely,

H. Llewellyn Smith

511.3 B 1/84

The Secretary of War (Weeks) to the Secretary of State

WPD 599 Washington, *March 31, 1922.*

My Dear Mr. Secretary: I have the honor to return herewith the copy in translation of the Arms Traffic Convention signed at Saint Germain-en-Laye, September 10, 1919, which you transmitted to me with your letter of the 16th instant,[80] requesting an expression of my views with regard to the advisability of ratifying the convention.

Apart from questions of diplomatic policy which your letter reserves, the chief interest of the War Department in the convention relates to its effect upon American munitions industry.

It is suggested that the language of Article I be examined to determine its effect upon American munitions trade with countries nonsignatory to the convention. This article would appear to convey an

[79] Providing for supervision and police measures within territorial waters in the prohibited areas and zone specified in art. 6, by the sovereign State or Mandatory Power.
[80] Not printed.

undertaking to prohibit the exportation of arms except as among the high contracting powers themselves. As this would appear to operate so as to prohibit the export of arms and ammunition to a considerable portion of Europe and the greater part of South America, with which American manufacturers now have a considerable trade, it is believed that the effect of including the countries included in these areas in the scope of the prohibition should receive serious consideration. The question as to the desirability of applying the prohibition to these countries with a view to inducing them to adhere to the convention is mainly a political one upon which no opinion is expressed.

There are no obvious military advantages in ratifying the convention. On the other hand, if, as a consequence of ratification, any serious restriction to the munitions industry of the country is to be apprehended, then ratification would be disadvantageous from a military viewpoint.

Sincerely yours,

JOHN W. WEEKS

511.3 B 1/85

The Secretary of the Navy (Denby) to the Secretary of State

27280–33 : 3 WASHINGTON, *April 4, 1922.*

SIR: In accordance with your request of March 16, 1922,[81] I have considered the draft of the Arms Traffic Convention, signed at Saint Germain-en-Laye, September 10, 1919, and beg to express, apart from question of diplomatic policy, which you reserve, my views on the advisability of ratifying the convention.

2. In addition to the fact that the Convention is an instrument of, and designed to strengthen, the League of Nations, the following appear to me to be reserved as questions of diplomatic policy:

(*a*) The bearing of the Convention on the Monroe Doctrine.

(*b*) That the Convention includes Liberia in the prohibited zone.

(*c*) That Article I does not accord with previous American Policy concerning the exportation of arms.

(*d*) That the Convention bars peoples who may be unjustly oppressed from the means of resistance by force.

(*e*) That the Convention, if adhered to by the United States, would establish a new relationship for the United States *vis-à-vis* certain countries that are now subject, mandated, or under guardianship.

(*f*) That the Convention provides means and methods discriminating against certain subject or mandated nations with a view to their involuntary retention in that status.

(*g*) That in effect the terms of the Convention give to each of the several signatory powers the exclusive trade privilege to export

[81] Not printed.

fire arms to the subject or mandated territories administered by that power.

(*h*) That the Convention implies (Art. 4) the right of a power or a group of powers to impose guardianship on other powers and restricts the means of resistance thereto. This principle might be applied in the establishment of guardianships not now foreseen, nor perhaps, from the American standpoint, desirable.

(*i*) That the Convention provides (Art. I) for differential treatment by the signatory powers of signatory and non-signatory powers.

(*j*) The interpretation of ambiguities.

3. Questions that I understand are not reserved are discussed in the following paragraphs.

4. Article I prohibiting the exportation of war arms is a general prohibition that operates to prevent exportations to all non-signatory powers. The Convention would permit the United States, if a party to the Convention, to export war arms to Bolivia, Cuba, Ecuador, Guatemala, Nicaragua, Panama and Peru to meet the needs of those governments, but would prohibit similar exportations to Colombia, Chile, Brazil, Argentine, Venezuela, Costa Rica, Mexico, and other non-signatory powers. Discriminatory treatment of non-signatory powers, or the possibility of such treatment, might lead to naval, military and commercial developments that would react unfavorably on American interests.

5. The Convention permits visit to certain classes of vessels (Par. 1, Art. 16) in certain waters, and provides that, the visit having been made (Par. 3, Art. 16), a definite obligation to bring in the vessel visited may follow. No other duty for vessels of the United States Navy is stated or implied in the Convention.

6. There is one other naval aspect of the Convention. It extends, in time of peace, and for a new purpose, the right of visit to certain classes of vessels on certain parts of the high seas. I consider this undesirable.

7. It must be noted, however, that should the United States not ratify this Convention, we would, under the terms of the Convention (Art. I), be debarred from obtaining war arms from the countries signatory. Many neutrals, in case of war, might then be free to furnish war arms to our enemy but would be, by the Convention, prohibited from furnishing war arms to us. This is an argument for ratifying the Convention, but is more than balanced by other objectionable features. The United States must never diminish its powers of self defense by abandoning its ability to produce all material of war.

8. In conclusion, I consider it inadvisable to ratify the Convention.

Respectfully,

EDWIN DENBY

The whole Convention seems to me highly objectionable from the American viewpoint. A few Conventions of this sort and we shall be to all intents and purposes a member of the League of Nations, subject to its control and bound by its vote. E. D.

511.3 B 1/71

The Secretary of State to the Consul at Geneva (Haskell)

WASHINGTON, *July 28, 1922.*

SIR: I enclose for delivery in the usual manner a communication to the Secretary General of the League of Nations, in reply to one addressed by him on November 21, 1921, inquiring whether the Government of the United States is prepared to ratify the Arms Traffic Convention of St. Germain.

I am [etc.]

For the Secretary of State:
WILLIAM PHILLIPS

[Enclosure]

The Secretary of State to the Secretary General of the League of Nations (Drummond)

The communication which the Secretary General of the League of Nations addressed to the Secretary of State of the United States of America on November 21, 1921, has had careful consideration.

In that communication the Secretary General was so good as to bring to the knowledge of the Secretary of State a resolution adopted on October 1, 1921, by the Assembly of the League of Nations, suggesting that the importance of ratifying the Arms Traffic Convention of St. Germain, should be strongly impressed on all the States signatories thereto, whether members of the League of Nations or not, as well as the decision of the Council of the League that the Assembly's resolution should be brought to the notice of all States which had not notified the League of their intentions on the subject.

In reply to the inquiry made by the Secretary General in pursuance of this action, whether the Government of the United States of America is prepared to ratify the Convention of St. Germain, the Secretary of State begs to state that the terms of the proposed Convention have been carefully examined and that, while the Government of the United States is in cordial sympathy with efforts to restrict traffic in arms and munitions of war, it finds itself unable to approve the provisions of the Convention and to give any assurance of its ratification.

The Secretary of State also desires to call attention to the fact that the Government of the United States is desirous to cooperate for the purpose of suitably controlling traffic in arms and munitions and to this end the Congress of the United States has already enacted legislation providing that whenever the President finds that in any American country, or in any country in which the United States exercises extraterritorial jurisdiction, conditions of domestic violence exist, which are or may be promoted by the use of arms or munitions of war procured from the United States and makes proclamation thereof, it shall thereafter be unlawful to export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country until otherwise ordered by the President or by Congress.[82]

WASHINGTON, *July 28, 1922.*

511.3 B 1/88a

The Secretary of State to President Harding [83]

[WASHINGTON, *August 2, 1922.*]

MY DEAR MR. PRESIDENT: You will doubtless recall that on September 10, 1919, there was concluded at Saint-Germain-en-Laye a Convention for the control of the trade in arms and ammunition. The Convention was signed by representatives of this Government and a number of other powers including Great Britain, France, Italy and Japan, but has never been submitted to the Senate. By the terms of the Convention, arms and ammunition are divided into two classes, namely "arms and munitions of war" which are manufactured especially for purposes of war and "fire arms and ammunition" which may be used for war or for other purposes.

The Convention provides that the High Contracting Parties shall undertake to prohibit the exportation of "arms and munitions of war" but reserves to them the right to grant export licenses to meet the requirements of their respective Governments or those of the Governments of any of the parties to the Convention. As to "fire arms and ammunition" capable of being used for either war or peace purposes, the right is reserved to the High Contracting Parties to determine from the "size, destination and other circumstances of each shipment for what uses it is intended and to decide in each case whether the provisions of the Article are applicable." (Article I).

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[82] 42 Stat. 361.

[83] Covering letter dated Aug. 2 not printed; it indicates that the Secretary of State had discussed the contents of this letter with the President before dispatching the reply to the Secretary General of the League of Nations, *supra*.

By the provisions of Article II the High Contracting Parties undertake to prohibit (except through the granting of permits under certain conditions) the exportation of the small arms, namely, those capable of being used for either war or peace purposes when intended for certain zones and areas specified in Article VI of the Convention.

The zones and areas referred to are (1) all the African Continent (with the exception of Algeria, Libya, and the Union of South Africa), including the adjacent islands within less than one hundred nautical miles of the Coast, also Prince's Island and the Islands of Saint Thomas, Annobon and Socotra; (2) Transcaucasia, Persia, Gwadar, and Arabian Peninsula, and such Continental parts of Asia as were included in the Ottoman Empire on August 1, 1914; and (3) a certain described maritime zone, including the Red Sea, the Gulf of Aden, the Persian Gulf, and the Sea of Oman.

It will be seen from the foregoing that the exportation of "arms and munitions of war" as distinguished from the smaller arms adapted both to warlike and to other purposes is absolutely prohibited unless they are for the use of one of the High Contracting Parties, and that the exportation of the latter class of arms is to be prohibited if they are intended for use in war or, (with certain exceptions) if destined to one of the zones or areas mentioned above.

The Department received, some time ago, from the Secretary General of the League of Nations a communication urging upon this Government early ratification of the Convention.[84] Similar communications have also been received from the British Government.[85]

The primary purpose of the Convention seems to be to prevent the introduction of arms into the areas and zones mentioned above, which include certain mandate regions, protectorates, and territories occupied by backward peoples in which Great Britain, France and Italy are particularly interested. I do not believe that the Convention would materially restrict the manufacture and sale of arms and munitions since the High Contracting Parties will be free to manufacture and sell for their own use and the use of their dominions, colonies, possessions and protectorates in unlimited quantities.

Moreover, there is one feature of the Convention which I consider particularly objectionable, namely, the prohibition on the sale of munitions of war to States not parties to the Convention. Such a provision would prevent this Government from shipping, or permitting the shipment of, munitions of war to any oppressed peoples who might be endeavoring to free themselves from oppression, or

[84] Note of Nov. 21, 1921, p. 544.

[85] See note of Jan. 4, 1922, from Mr. Balfour of the British Delegation at the Conference on the Limitation of Armament, p. 545.

to any sister State in Latin America not a party to the Convention which might need arms, however worthy the cause and however desirable it might be to throw open our markets to them.

Being ourselves a nation born of revolution, this would, I believe, constitute a fundamental objection and might under a given state of facts prove to be very objectionable.

Furthermore, I am of the opinion that the Convention would encounter great difficulty in the Senate (1) because of the objection just indicated and (2) because of various provisions involving the League of Nations. For example, Article V provides (1) that the Central International Office to be established for collecting and preserving documents exchanged by the High Contracting Parties regarding trade in arms and ammunition shall be under the control of the League of Nations: (2) that the annual reports to be published by the High Contracting Parties with respect to quantities and distribution of such goods, as well as certain statistical information, shall be sent to the Secretary General of the League of Nations.

Article X, which has to do with the right of the State in the prohibited areas specified above to import arms and ammunition over territory of a contiguous State provides that if the importing State shall violate any of the guarantees which are required to be given in that connection, no further transit license shall be granted without the previous consent of the council of the League of Nations.

Other Articles provide for the communication of certain information to the League of Nations, while Article XXIV provides that disputed questions arising between the High Contracting Parties concerning the application of the Convention shall be arbitrated in conformity with the provisions of the covenant of the League.

While it might be possible, if the provisions concerning the League of Nations were the only objectionable features, to cover them with proper reservations, I am inclined to think that on the whole this Government should not ratify the Convention.

I feel that we should reply to the note from the British Government stating some of the reasons why you would not feel justified in submitting the Convention to the Senate, and that we should inform the Secretary General of the League of Nations that while this Government is in sympathy with efforts appropriately to control the traffic in arms and ammunition, it finds itself unable to approve the provisions of the Convention or to give any assurance of its ratification. Before doing so, however, I should be glad if I might have your approval.

I am [etc.] CHARLES E. HUGHES

511.3 B 1/88

President Harding to the Secretary of State

WASHINGTON, *August 2, 1922.*

MY DEAR MR. SECRETARY: Just a line to acknowledge yours of August 2nd, in which you write me concerning the Arms Traffic Convention of September 10, 1919, which has never been submitted to the Senate for approval. Inasmuch as I have already expressed to you in a personal interview my belief in the utter futility of seeking a ratification at the hands of the Senate I fully approve of the communication addressed to the Secretary General of the League of Nations advising him of the impossibility of this government approving the provisions of the convention.

Very truly yours,

WARREN G. HARDING

511.3 B 1/89a

The Secretary of State to the British Chargé (Chilton)

The Secretary of State presents his compliments to the Chargé d'Affaires *ad interim* of Great Britain, and, referring to the desire expressed by the Embassy that this Government should ratify the Arms Traffic Convention signed at St. Germain September 10, 1919, begs to say that most careful study has been given the question, and that the Government of the United States is in cordial sympathy with efforts suitably to restrict traffic in arms and munitions of war.

As evidence of its interest in the matter, it may be recalled that by a joint resolution approved April 22, 1898,[86] as amended March 12 [*14*], 1912,[87] the following provision was made with respect to the regulation of the shipment of arms from the United States:

"That whenever the President shall find that in any American country conditions of domestic violence exist which are promoted by the use of arms or munitions of war procured from the United States, and shall make proclamation thereof, it shall be unlawful to export except under such limitations and exceptions as the President shall prescribe any arms or munitions of war from any place in the United States to such country until otherwise ordered by the President or by Congress."

By a resolution approved January 31, 1922,[88] this provision of law was extended so as to include any country in which the United States exercises extraterritorial jurisdiction.

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[86] 30 Stat. 739.
[87] 37 Stat. 630.
[88] 42 Stat. 361.

After a careful examination of the terms of the Convention, it has been decided that the objections found thereto render impossible ratification by this Government.

While the application of the Convention to certain designated areas or zones, extending in effect the Brussels Convention,[89] may fulfill a useful object, the plan of the present Convention is much broader. As has been pointed out, the distinctive feature of this plan is not a provision for a general limitation of armament, but the creation of a system of control by the signatory powers of the traffic in arms and munitions, these signatory powers being left free not only to meet their own requirements in the territories subject to their jurisdiction but to provide for supplying each other with arms and munitions to the full extent that they may see fit.

There is particular objection to the provisions by which the contracting parties would be prohibited from selling arms and munitions to states not parties to the Convention. By such provisions, this Government would be required to prevent shipments of military supplies to any of the following Latin American countries, (which it is understood have not signed or adhered to the Convention), viz., Argentina, Colombia, Costa Rica, Dominican Republic, Honduras, Mexico, Paraguay, Uruguay, and Salvador, however desirable it might be to permit such shipments, merely because they are not signatory powers and might not desire to adhere to the Convention.

Finally, it may be observed that the provisions of the Convention relating to the League of Nations are so intertwined with the whole Convention as to make it impracticable for this Government to ratify, in view of the fact that it is not a member of the League of Nations.

WASHINGTON, *August 5, 1922.*

511.3 B 1/92 : Telegram

The Chargé in Switzerland (Lane) to the Acting Secretary of State

BERNE, *September 3, 1922—noon.*
[Received September 3—10:07 a.m.]

74. League has received Department's communication of July 28th regarding decision of the United States not to be a party to Arms Traffic Conference [*Convention*] of Saint Germain. Commission on Armaments has decided that our decision constitutes *fait nouveau* and that whole question will have to be reconsidered.

LANE

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[89] Of July 2, 1890; Malloy, *Treaties*, 1776–1909, vol. 2, pp. 1964 ff.

511.3 B 1/100 : Telegram

The Minister in Switzerland (Grew) to the Secretary of State

BERNE, *September 29, 1922—3 p.m.*
[Received September 30—10:55 a.m.]

83. Legation's 74, September 3, noon. Assembly of League of Nations on September 27th passed the following resolutions submitted by the Committee on Reduction of Armaments:

"(*a*). The Assembly considers it highly desirable that the Government of the United States should express the objections which it has to formulate to the provisions of the Convention of Saint Germain as well as any proposals which it may care to make as to the way in which these objections can be overcome.

(*b*). The Assembly is of the opinion that the temporary mixed commission should be instructed to prepare a scheme for the control of the international traffic in arms to be considered by the conference which is to deal with the private manufacture of arms.

(*c*). The Assembly requests the Council to take such steps as it thinks advisable to carry out the purposes above indicated."

GREW

STATEMENT DEFINING THE INTEREST OF THE DEPARTMENT OF STATE IN THE FLOTATION OF FOREIGN LOANS IN THE AMERICAN MARKET

811.51/3108

The Foreign Trade Adviser (Young) to the Assistant Secretary of State (Dearing)

[Extract]

[WASHINGTON,] *February 1, 1922.*

MR. DEARING: Following the White House Conference with certain New York Bankers in June, 1921, concerning cooperation with the Government in undertaking foreign loans, these bankers gave assurances to the President that:

"All are in complete accord with your suggestion, and agree to keep the State Department fully informed of any and all negotiations for loans to foreign governments which may be undertaken by them.[90]

However, subsequent developments indicated that the attitude and desire of this Department were not clearly understood, and it was determined to issue a public statement on the subject. After careful consideration, a draft statement was prepared and communicated to the Secretaries of Commerce and the Treasury on December 7, 1921.[91] . . .

. . . . . .

[90] Quoted from a letter of June 6, 1921, from Mr. J. P. Morgan to President Harding; not printed.

[91] Not printed.

The mounting indebtedness of Europe, especially, to the United States makes more necessary than ever before the careful scrutiny of proposed loan transactions. This Government also has a very direct interest in seeing to it that loans to foreign governments are used for productive ends and not for military expenditures or to make up budgetary deficits. On January 12, 1922, the President wrote as follows to the Secretary of State:

"I do not suppose there is any way in which we can absolutely control American loans, but I do think that our efforts for accomplishment in the way of disarmament ought to justify a request to American bankers that no loans shall be made to any power which is making either maintained or increased expenditures for armament purposes."

Accordingly, it is suggested that this Department issue a public statement in the sense of the attached draft [92] as soon as possible. . . .

A[RTHUR] N. Y[OUNG]

800.51/287½

Press Release Issued by the Department of State, March 3, 1922

FLOTATION OF FOREIGN LOANS

At a conference held last summer between the President, certain members of the Cabinet and a number of American investment bankers, the interest of the Government in the public flotation of issues of foreign bonds in the American market was informally discussed and the desire of the Government to be duly and adequately informed regarding such transactions before their consummation, so that it might express itself regarding them if that should be requested or seem desirable, was fully explained. Subsequently the President was informed by the bankers that they and their associates were in harmony with the Government's wishes and would act accordingly.

The desirability of such cooperation, however, does not seem sufficiently well understood in banking and investment circles.

The flotation of foreign bond issues in the American market is assuming an increasing importance and on account of the bearing of such operations upon the proper conduct of affairs, it is hoped that American concerns that contemplate making foreign loans will inform the Department of State in due time of the essential facts and of subsequent developments of importance. Responsible American bankers will be competent to determine what information they should furnish and when it should be supplied.

[92] Not printed; the Department's statement as issued on Mar. 3 is printed *infra*.

American concerns that wish to ascertain the attitude of the Department regarding any projected loan should request the Secretary of State, in writing, for an expression of the Department's views. The Department will then give the matter consideration and, in the light of the information in its possession, endeavor to say whether objection to the loan in question does or does not exist, but it should be carefully noted that the absence of a statement from the Department, even though the Department may have been fully informed, does not indicate either acquiescence or objection. The Department will reply as promptly as possible to such inquiries.

The Department of State can not, of course, require American bankers to consult it. It will not pass upon the merits of foreign loans as business propositions, nor assume any responsibility whatever in connection with loan transactions. Offers for foreign loans should not, therefore, state or imply that they are contingent upon an expression from the Department of State regarding them, nor should any prospectus or contract refer to the attitude of this Government. The Department believes that in view of the possible national interests involved it should have the opportunity of saying to the underwriters concerned, should it appear advisable to do so, that there is or is not objection to any particular issue.

EFFORTS TO COMBAT THE SMUGGLING OF INTOXICATING LIQUORS INTO THE UNITED STATES IN VIOLATION OF THE PROHIBITION LAWS[93]

811.114/204

The Secretary of State to the Secretary of the Treasury (Mellon)

WASHINGTON, *January 17, 1920.*

SIR: I have the honor to enclose for your consideration a copy of a memorandum of January 14, 1920, from the Italian Embassy,[94] stating that it is in receipt of a telegraphic communication from the Italian Consul General at New York, from which it appears that the Collector of Customs at that port, acting under instructions from the Treasury Department, has had all the wine on board foreign steamers lying in that port put under seal; that the action of the Collector of Customs in preventing the crews of Italian steamers from getting their daily quantity of wine, to which, it is alleged, they are entitled under contract, has caused an agitation among them; and that while the members of the crew of the S. S. *Pesora* are on

[93] The eighteenth amendment to the Constitution of the United States is printed in 40 Stat. 1941, and the national prohibition act of Oct. 28, 1919, in 41 Stat. 305.

[94] Not printed.

strike, others threaten to do the same; and requesting that if possible a way may be found by which the law may be so construed that the crews of Italian steamers in United States ports may be permitted their daily ration of wine. Pending a decision in the matter, the Embassy requests that if possible the instructions issued by the Treasury Department to the Collector of Customs at New York may be at least temporarily suspended.

In view of the practice (See Moore's *International Law Digest*, Vol II, p 286, et seq.), observed by states generally, not to interfere, through their authorities, in the internal administration, order or discipline of foreign vessels in their ports, unless it becomes necessary to do so in a case involving, or threatening to involve, a breach of the peace of the port or the commission of a crime, the Department trusts that, if consistent with existing laws applicable to the matter, it will be possible to comply with the Italian Embassy's request.

In this connection, I may state that the Department has received from the French Embassy a verbal complaint of a similar nature,[95] concerning the action of the Collector of Customs at New York, in so far as it affects French vessels in that port. It is requested that any regulations adopted, or any steps taken in the matter, be made applicable to all foreign vessels in United States ports.

I shall be pleased to receive an early reply, indicating the action taken by the Treasury Department, in order that an answer may be promptly made to the Italian Embassy's memorandum.

I have [etc.]

For the Secretary of State:
ALVEY A. ADEE
Second Assistant Secretary

811.114/212

The Secretary of the Treasury (Mellon) to the Secretary of State

WASHINGTON, *January 27, 1920.*

SIR: Reference is made to your letter of the 17th instant, (File S O 811.114/204) with its enclosure of a communication from the Italian Embassy[96] regarding the practice of collectors of customs under T. D. 38218, of sealing liquors listed as sea stores on vessels arriving in ports of the United States, and keeping them under seal during the vessel's stay in port.

[95] A note from the French Ambassador dated Jan. 12, 1920, making similar representations, was received by the Department on Jan. 17; not printed.

[96] Not printed.

You are advised that following the receipt of an opinion rendered by the Attorney General in the matter,[97] this Department has prepared for publication as a Treasury Decision [98] at an early date, an amendment to the decision mentioned above, by reason of which liquors on foreign vessels will be placed under seal while the vessels are in port and such portions thereof released from seal from time to time as may be required for use by the officers and crews.

Appropriate instructions have been issued to collectors of customs at the various ports by telegram directing a modification of their practice in accordance with the foregoing.

By direction of the Secretary.

Respectfully,

JOUETT SHOUSE
Assistant Secretary

811.114 Gt. Brit./22

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *June 26, 1922.*

EXCELLENCY: I have the honor to lay before you certain important considerations with respect to a possible cooperation on the part of British and American authorities with regard to the smuggling of liquor. The authorities of the United States charged with the duty of enforcing the law of this country with respect to this matter are confronted by serious difficulties which they feel might be effectively met with the assistance of British authorities in British territories, which it appears are made bases of operations in flagrant violation of constitutional and statutory provisions of the United States. It is understood that the importation of intoxicating liquors into the Canadian Provinces of Nova Scotia, Manitoba, Saskatchewan and Alberta, is also prohibited by law.

I venture to submit definite suggestions as to methods by which the existing extremely unfortunate conditions might be remedied. It is believed that effective measures for this purpose might be taken by a careful supervision of the issuance of registries to vessels suspected of being engaged in illegal traffic and of the issuance of clearance papers for such vessels, and by an international arrangement between the United States and Great Britain under which the authorities of each nation would be authorized to exercise beyond the three-mile limit of territorial waters a measure of control over vessels belonging to the other.

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[97] 32 Op. Att. Gen. 96.
[98] Treasury Decision 38248.

It has been found that many of the ships engaged in the illegal smuggling of liquor into the United States are registered under the British flag and that large quantities of liquor are carried by such vessels from the Bahama Islands and from Bermuda. It appears that, in order to evade the customs officers and prohibition agents of the United States, the persons engaged in this illicit traffic of smuggling liquor into the United States from the Bahama Islands have adopted the practice of packing the liquor so that it can be easily taken ashore in the United States. Liquor is placed in triangular-shaped packages consisting of six bottles carefully sewed in burlap, so that it can very easily be unloaded, and even a small ship can carry a very large consignment in a comparatively small hold space. Liquor is carried on both large and small ships; schooners carry cargoes out to sea from Nassau and unload them off the coast of the United States, and smaller boats carry their cargoes to Bimini and Gun Key, and from these places it is transported to West Palm Beach, Daytona, and Fort Lauderdale. A list of vessels said to be plying between the United States and the Bahamas is herewith enclosed.[99]

This Department's attention has been drawn to the ease with which it seems vessels of American registry are transferred to British registry for the purpose of preventing the authorities of the United States from taking the necessary steps to thwart these smuggling operations. It is understood that British laws require that vessels to be entitled to British registry must be owned by British subjects. Apparently reliable information indicates that American citizens of questionable reputation who are known to be engaged in the smuggling business have succeeded in obtaining British registry at the Bahama Islands for a large number of American vessels by means of the execution of paper transfers purporting to convey title to vessels to British subjects in the Bahamas, although the actual interest in the vessels continues to vest in American citizens.

Reference may be made in this connection to the fact that, under the laws of the United States relating to the transfer of registry, it is necessary for the owner of an American vessel to obtain a certificate from the United States Shipping Board showing that the vessel has first been tendered to the Board before the privilege of transferring it to a foreign register can be obtained. It would be of great assistance to this Government in combating the illicit traffic in liquors if authorities at Bermuda and in the Bahama Islands should refuse the privilege of registry to American vessels unless a certificate from the United States Shipping Board is produced showing that the vessel has first been tendered to it. It is

[99] Not printed.

understood that for some time British laws have imposed restrictions necessitating some form of acquiescence of British authorities to the transfer of registry. It would seem that laws of this character cannot well be effectively administered unless the authorities of one nation are disposed to take cognizance of the legislation of another nation.

There is information before the Department indicating that the authorities at the Bahama Islands have in many cases issued two sets of clearance papers to ships which have taken on board cargoes of liquor. It is said that persons engaged in this traffic have openly made the statement that they have no trouble in obtaining from the Bahamas customs officials one set of clearance papers for a cargo of liquor declared to be destined for Halifax, Tampico or St. Pierre, and other clearance papers issued "in ballast" for an American port. This procedure is adopted by the liquor smugglers so that the ship may come within unloading distance of American shores, and if caught with a cargo of liquor on board the master can exhibit the clearance to Mexico or Canada; if the ship has succeeded in unloading the cargo on the shore without being captured, it proceeds into an American port with the second clearance papers.

. . . . . .

While existing nefarious practices might be largely stopped by appropriate precautionary measures with respect to the issuance of British registries to vessels engaged in smuggling and with respect to the issuance of clearance papers to such vessels, the situation with which the authorities of this Government are confronted has become so serious that this Government feels prompted to inquire whether your Government would be disposed to enter into a treaty for the purpose of checking the illegal practices in question. Such a treaty might contain reciprocal provisions authorizing the authorities of each Government to exercise a right of search of vessels of the other beyond the three-mile limit of territorial waters to the extent of twelve miles from the shore. It would appear that no inconvenience would be experienced as a result of the exercise of such a right by vessels engaged in legitimate trade between Nassau and Halifax. It is evidently natural for such vessels to take a direct route to Hatteras and then a direct course to Diamond Shoal Lighthouse and from thence to Halifax. Apparently this course brings vessels at no point within four leagues of the American shore. I shall be glad if you will bring the contents of this communication to the attention of your Government, which I have no doubt will appreciate the serious considerations which prompt the request that the matters therein presented receive earnest consideration at the earliest convenient time.

Accept [etc.] CHARLES E. HUGHES

811.114/847

The Department of State to the British Embassy

AIDE-MÉMOIRE

One of the most serious difficulties encountered in the enforcement of the American prohibition law has arisen in connection with liquor illegally imported into the United States across the Canadian border. This matter has been receiving the serious attention of the Department of the Government of the United States charged with the enforcement of the law.

In seeking means to prevent these illegal importations of liquor, Prohibition Commissioner Haynes has had some correspondence with The Honorable James Hales, Chairman of the Board of License Commissioners for Ontario, with regard to the possibility of Dominion legislation which would prohibit shipments of liquor to the United States unless a permit from the United States Federal or State authorities were first obtained. Mr. Hales states that the Solicitor General of Canada intimated that, if a request for such legislation came from the Government of the United States, the Canadian Parliament might give effect to the request.

One of the important officials of the Canadian Government said, in writing to Mr. Hales:

"You will remember that what I told you was that if the proper authorities of the United States Government took the question up with the Government of Canada, there would be a much better chance to have proper action taken, as you will readily understand that this Government or its officials do not care to be pressing their services upon the officials of the United States unless some proper and necessary steps are taken by themselves to obtain such assistance."

Mr. Haynes, Prohibition Commissioner, believes that if the Canadian Government would pass the legislation suggested above it would practically control the Canadian border smuggling problem and would prevent the entrance into this country of a very substantial quantity of Canadian liquor.

WASHINGTON, *June 27, 1922.*

811.114/1068

The Federal Prohibition Commissioner (Haynes) to the Secretary of State

WASHINGTON, *July 7, 1922.*

MY DEAR SIR: Permit me to convey to you a copy of a letter just received from the Hon. James Hales, Chairman of the Board of

License Commissioners for Ontario, Canada, which is self-explanatory. It is a matter of very deep regret to me that the legislation referred to in this letter could not be secured from the Canadian Government. However, it is a source of gratification to know that you have done your utmost to bring about the results so much desired.

Let me thank you most heartily for the cooperation you have given me in my effort to comply with the request of Mr. Hales.

With gratitude [etc.] R. A. HAYNES

[Enclosure]

The Chairman of the Board of License Commissioners for Ontario (Hales) to the Federal Prohibition Commissioner (Haynes)

TORONTO, *July 4, 1922.*

DEAR SIR: I yesterday received your telegram which reads as follows: "Word received today that the Secretary of State has conveyed desired request through British Embassy. Confidential."

Unfortunately, the Session of Parliament had closed several days previously, so that it will be impossible to obtain the desired legislation this year. I am disappointed about this, for the proposed legislation would greatly assist in preventing the smuggling of liquors into your country.

Yours very truly,

JAMES HALES

811.114/900

Senator Thomas Sterling to the Secretary of State

[WASHINGTON,] *July 28, 1922.*

MY DEAR MR. SECRETARY: I have been very much interested in the newspaper account of the conversations with the representative of Great Britain relative to territorial jurisdiction over maritime waters; this in view of the proposed extension of our national jurisdiction to a distance of from twelve to eighteen miles from the shore for the purpose of preventing the violation of our National Prohibition Act.

I think you realize the very great difficulty encountered in enforcing this Act if foreign vessels can come to the three-mile limit and station themselves there for the purpose of dispensing intoxicants to our citizens, to be thereafter used or transported within undisputed territory of the United States in violation of law. I have no doubt but that you and the legal advisers of the State Department have been giving close attention to the consideration of our right to

extend jurisdiction as above stated and have already found and examined all the authorities available. But both because the question is a tremendously interesting one viewed from the legal and international law standpoint and because I am interested in it from the standpoint of one who has sponsored prohibition legislation in the Senate, I have been led to make some review of the authorities myself. Will you kindly indulge me these few observations with some quotations from the authorities.

I note, first, this statement from Vattel in his *Law of Nations*, b. 1, Section 237: "Every nation has a right to appropriate to her own use a portion of the sea around her shores; and to legislate respecting vessels coming within that line. A vessel coming within that line contrary to the municipal laws of the country may be lawfully seized." This, it will be seen, has no reference to what may be termed the commonly accepted rule or doctrine that the distance of three miles, or a marine league, is the limit of the State's jurisdiction.

There has always been more or less uncertainty as to what should constitute the maritime belt over which any State could exercise its jurisdiction in punishing for a violation of its own laws. Evidently the old idea of the three-mile limit, or distance of a cannon shot, was founded on the principle that a State was entitled to exercise jurisdiction within the limits of its physical power, and that was supposed to be the distance to which a cannon shot would go. Of course, we know that the cannon shot in more modern times will ordinarily carry from five to seven times that distance, perhaps more; and this has been true for many years last past. I quote from Bouvier's *Law Dictionary*, volume 3, page 3260, as follows:

"It is difficult to draw any precise conclusion as to the distance to which a state may lawfully extend its exclusive dominion over the sea adjoining its territories, and beyond those portions of the sea which are embraced by harbors, etc., over which it has unquestioned jurisdiction. All that can reasonably be asserted is that it extends as far as may be requisite *for the state's safety and for some lawful end.* Until recent years it was generally recognized as extending as far as a cannon shot would reach—i. e. a marine league; 1 Kent 29; this limit was fixed when that was the range of a cannon; Hogg v. Beerman, 41 Ohio St. 81, 52 Am. Rep. 71; it is said that it can be extended as the range of cannon increases: Hall Int. L. 157. It may be extended for protection in time of war, or for revenue purposes; Manchester v. Massachusetts, 139 U. S. 240, 11 Sup. Ct. 559, 35 L. Ed. 159; [The Hungaria, 41 Fed. 109;] Congress has recognized the customary limit by legislation as to captures made within a marine league of the shore; 1 Kent 29. It is three miles from low-water mark; Behr. Sea Case."

The italics are mine.

But can there be any question as to the lawfulness of the end which is sought to be reached by extending our national jurisdiction for the purpose of preventing the unlawful sale of intoxicating liquors? The end is the enforcement of the supreme law—the Eighteenth Amendment to the Constitution.

If the reason for fixing the distance of a cannon shot as the limit in the old days was because that was apparently the limit of the State's physical power, why should that limit now be regarded as the rule? The old maxim, the reason for the rule having failed the rule itself does not prevail, would seem to apply.

To this same purport is the discussion in Oppenheim, Page 241, volume 1, he says:

"With regard to the breadth of the maritime belt various opinions have in former times been held, and very exorbitant claims have been advanced by different States. And although Bynkershoek's rule that *terrae potestas finitur ubi finitur armorum vis* is now generally recognised by theory and practice, and consequently a belt of such breadth is considered under the sway of the riparian State as is within effective range of the shore batteries, there is still no unanimity on account of the fact that such range is day by day increasing. Since at the end of the eighteenth century the range of artillery was about three miles, or one marine league, that distance became generally recognised as the breadth of the maritime belt. But no sooner was a common doctrine originated than the range of projectiles increased with the manufacture of heavier guns. And although many States in Municipal Laws and International Treaties still adhere to a breadth of one marine league, the time will come when by a common agreement of the States such breadth will be very much extended."

In a note he refers to the Institute of International Law as voting in favor of six miles, or two marine leagues, as the breadth of the belt.

Terrae potestas finitur ubi finitur armorum vis, or liberally translated, "the power over territory ends where the power of arms ends" is now "generally recognized by theory and practice," etc., etc.

It would seem to me that in view of the exigencies of the situation and that the extension of our territorial jurisdiction is necessary in order to protect our citizens and enforce the provisions of our municipal law and national Constitution, Great Britain, or any other nation, ought to see the reasonableness of our claim or right to extend our jurisdiction beyond the three-mile limit.

Of course we have some precedent for this extension in Sections 2811, 2812, 2813, 2814, 2867 and 2868 of the Revised Statutes under which certain control in customs matters was extended to four marine leagues from the shore in order to prevent frauds upon our customs revenue.

In 50 Federal, page 108, the case of *United States* v. *The James G. Swan* (a seals fishery case) the court say: "National dominion and sovereignty may be extended over the sea as well as over the land. Should circumstances render it necessary, a nation having the power to do so may assert its dominion over the sea beyond the limits heretofore admitted by the powers of the earth to be lawful." The opinion then quotes from Hall's *International Law*, 127, as follows: "It is probably safe to say that a state has the right to extend its territorial waters from time to time, at its will, with the now increased range of its guns, though it would undoubtedly be more satisfactory that an arrangement on the subject should be arrived at by common consent." I grant that it would be more satisfactory if such an arrangement could be made by common consent of Great Britain or other nations, but in view of the manifest and vital importance of the subject it would seem that if no such consent can be obtained that then our Government would be quite warranted in exercising the right which these leading authorities on international law plainly indicate it possesses.

I might cite other authorities bearing upon the question which I believe maintain my view that the United States can by law extend its jurisdiction to a reasonable distance beyond the three-mile limit without the consent of any other nation, but it is probable that the attention of your office has already been called to them as well perhaps as to those I have taken the liberty to refer to herein.

The amendment to the tariff bill which I introduced and which will be brought forward when it comes to offering individual amendments extends the limit to a distance of eighteen miles, but the distance provided for is tentative rather than a fixed idea of mine, although I think the distance should be at least twelve miles. I am credibly informed that Norway has recently extended her jurisdiction to a distance of twelve miles, and this for the very purpose of preventing smuggling into Norway of intoxicating liquors.

Yours very respectfully,

THOMAS STERLING

811.114/900

The Secretary of State to Senator Thomas Sterling

WASHINGTON, *August 16, 1922.*

DEAR SENATOR STERLING: I beg to acknowledge the receipt of your letter of July 28, 1922, in which you call attention to a bill (H. R. 7456), to be proposed as an amendment to the Tariff Act, relating to the extension of statutory provisions with regard to intoxicating liquors to a distance of six marine leagues from the coast, and in

which you make certain observations with regard to the right of the Government to extend its jurisdiction in this manner.

In view of your request in our recent interview for an expression of my views concerning the proposed legislation, I deem it proper to offer certain suggestions respecting it because of the importance of this subject and your interest in it.

I appreciate of course the serious situation with which the authorities of the Government are confronted as a result of the methods employed to bring liquor into the United States in violation of law. The matter has received very careful consideration by the Department. I am constrained to say, however, that I consider that any attempt on the part of this Government to extend its domestic legislation to the high seas, as that term is understood in international law, in the manner contemplated by the bill under consideration would be in contravention of an established rule of international law and practice.

Although a nation may give effect to its laws with regard to its own vessels wherever they may be navigated, in my opinion the long observed rule with regard to the three mile limit of territorial waters stands in the way of the application of domestic legislation over vessels of other nations beyond that limit. Irrespective of what the origin of that rule may be, I consider the rule so well established that the United States cannot properly depart from it, until a general agreement respecting its alteration shall have been reached among the nations of the world in the manner indicated in the extract which you quote from the work on international law by the noted publicist Dr. Oppenheim. Of course, an exception might be made by agreement with a particular nation as to its vessels. I beg to point out to you in particular that this Government has consistently adhered to the three mile rule. Without entering into any detailed discussion of statements of authorities that might seem to some extent at variance with this general rule, I may invite attention to diplomatic discussions, decisions of international arbitral tribunals, and statements of writers on international law, from which I think it clearly appears that the rule with respect to the three mile limit is generally observed by nations as a rule of international law, and that this Government could not legally nor in a manner consistent with its attitude in the past disregard that rule.

In 1856 a long drawn out controversy began with Spain concerning the right of that Power to extend jurisdiction beyond the three mile limit in waters surrounding the Island of Cuba. The United States promptly took the position that it could not concede such an extension of Spanish sovereignty. In a note to Mr. Tassara, Spanish Minister at Washington, dated December 16, 1862, Secretary of State

Seward informed the Minister that "the United States are not prepared to admit that Spain, without a formal concurrence of other nations, can exercise exclusive sovereignty on the open sea beyond a line of three miles from the coast, so as to deprive them of the rights common to all nations upon the open sea." (Moore's *Digest*, I. pp. 707–708). In a further note respecting the same subject, addressed to the Spanish Minister under date of August 10, 1863, Secretary Seward restated his position in the following language:

". . . it cannot be admitted nor indeed is Mr. Tassara understood to claim that the mere assertion of a sovereign by an act of legislation, however solemn, can have the effect to establish and fix its external maritime jurisdiction. His right to a jurisdiction of three miles is derived not from his own decree but from the law of nations . . .

In view of the considerations and facts which have been thus presented, the undersigned is obliged to state that the Government of the United States is not prepared to admit that the jurisdiction of Spain in the waters which surround the Island of Cuba lawfully and rightfully extends beyond the customary limit of three miles." (Moore's *Digest*, I. pp. 710–712).

Under date of August 11, 1880, Secretary Evarts instructed Mr. Fairchild, American Minister to Spain, as follows:

"This Government never has recognized and never will recognize any pretense or exercise of sovereignty on the part of Spain beyond the belt of a league from the Cuban coast over the commerce of this country in time of peace. This rule of the law of nations we consider too firmly established to be drawn into debate, and any dominion over the sea outside of this limit will be resisted with the same firmness as if such dominion were asserted in midocean." (*Foreign Relations*, 1880, p. 926).

On January 21, 1911, Secretary of State Knox in reply to a despatch from the American Ambassador at St. Petersburg,[1] informing the Department of the promulgation of a law purporting to extend the area of customs supervision by the Russian authorities from three to twelve miles, instructed the Ambassador to inform the Russian Minister for Foreign Affairs that "with reference to the general operation of the law over the marginal seas beyond the generally recognized three mile limit and particularly as affecting American commerce, the United States is constrained to reserve all rights of whatever nature".

On November 28, 1914, the then Acting Secretary of State in response to a note from the Italian Ambassador at Washington,[2] informing the Department that by a royal decree the limit of terri-

[1] Despatch no. 363, Sept. 30, 1910, *Foreign Relations*, 1912, p. 1287; Secretary Knox's reply, *ibid.*, p. 1298.

[2] Note no. 1837, Nov. 6, 1914, from the Italian Ambassador, and Department's reply, *ibid.*, 1914, supp., p. 665.

torial waters had been fixed at six nautical miles for the purpose of enforcing rights in relation to neutrality, said:

"An examination into the question involved leads to the conclusion that the territorial jurisdiction of a nation over the waters of the sea which wash its shore is now generally recognized by the principal nations to extend to the distance of one marine league or three nautical miles, that the Government of the United States appears to have uniformly supported this rule, and that the right of a nation to extend, by domestic ordinance, its jurisdiction beyond this limit has not been acquiesced in by the Government of the United States."

Numerous declarations similar to those above quoted might be cited. However, the foregoing quotations doubtless suffice to show the extent to which this Government has committed itself to the rule of the three mile limit, and that it could not consistently assert a right to make seizures of foreign vessels beyond the three mile limit for the purpose of enforcing laws respecting the importation of liquor.

International arbitral tribunals have repeatedly condemned the interference by public vessels of a nation with private vessels of another nation beyond the three mile limit, and damages have been awarded in cases of such interference.

The so-called Fur Seal Arbitration of 1893 involved this subject. This arbitration grew out of a long standing controversy between Great Britain and the United States concerning sealing in the vicinity of the Pribilof Islands in the Bering Sea. Subsequent to the cession of Alaska by Russia to the United States, this Government enacted legislation with a view to the protection of the fur seal. American revenue cutters having seized British vessels engaged in sealing operations on the high seas and a controversy with the British Government having arisen with respect to such seizure, the matter was submitted to a special arbitral tribunal which met at Paris in 1893. The United States contended that it had the right to seize British vessels engaged in sealing beyond the three mile limit, first, because the United States had a property right in the seals and, secondly, because the United States had for itself and its people an interest in an industry derived from the proper use of the seal herd in the vicinity of American territories which entitled it to take protective measures against wanton destruction by individuals. The British Government denied both contentions and was sustained by the arbitral tribunal, which held that the United States had not the rights for which it contended with respect to fur seals frequenting islands belonging to the United States in the Bering Sea, when such seals were found outside of the ordinary three mile limit. (*Fur Seal Arbitration*, Vol. I, p. 78). Subsequently an arbitral commission established under an agreement concluded in 1896[3] awarded

[3] Convention of Feb. 8, 1896, Malloy, *Treaties*, 1776–1909, vol. I, p. 766.

compensation to Great Britain in behalf of the owners, masters, officers and crew of the ship *Sayward*, which had been seized by American authorities.

In a decision rendered under date of December 2, 1921, by the arbitral tribunal established under the special arbitration agreement concluded August 18, 1910, between the United States and Great Britain,[4] damages were awarded in favor of the British Government because of the action of an officer of the United States Revenue Cutter Service in boarding in 1909 British schooners engaged in hunting sea otters in the North Pacific Ocean. The tribunal in its opinion said:

"It is a fundamental principle of international maritime law that, except by special convention or in time of war, interference by a cruiser with a foreign vessel pursuing a lawful avocation on the high seas is unwarranted and illegal, and constitutes a violation of the sovereignty of the country whose flag the vessel flies.

It is not contested that at the date and place of interference by the United States naval authorities there was no agreement authorizing those authorities to interfere as they did with the British schooners, and, therefore, a legal liability on the United States Government was created by the acts of its officers now complained of".

Support for the view that domestic legislation may be extended beyond the three mile limit in the manner contemplated by the bill in question does not appear to be found in the works of the leading modern writers on international law. It is worth while to quote at length from the interesting comments of Dana in his edition of Wheaton's *International Law*. He says with reference to the question under consideration:

". . . It has been seen that the consent of nations extends the territory of a State to a marine league or cannon-shot from the coast. Acts done within this distance are within the sovereign territory. The war-right of visit and search extends over the whole sea. But it will not be found that any consent of nations can be shown in favor of extending what may be strictly called territoriality, for any purpose whatever, beyond the marine league or cannon-shot. Doubtless states have made laws, for revenue purposes, touching acts done beyond territorial waters; but it will not be found, that, in later times, the right to make seizures, beyond such waters has been insisted upon against the remonstrance of foreign States, or that a clear and unequivocal judicial precedent now stands sustaining such seizures, when the question of jurisdiction has been presented. The revenue laws of the United States, for instance, provide that if a vessel, bound to a port in the United States, shall, except from necessity, unload cargo within four leagues of the coast, and before coming to the proper port for entry and unloading, and receiving permission to do so, the cargo is forfeit, and the master

[4] The agreement is printed in *Foreign Relations*, 1911, p. 266; it was confirmed by exchange of notes dated Apr. 26, 1912 (*ibid.*, 1912, p. 494).

incurs a penalty (Act 2d March, 1797 [*1799*], Sec. 27);[5] but the statute does not authorize a seizure of a foreign vessel when beyond the territorial jurisdiction. The statute may well be construed to mean only that a foreign vessel, coming to an American port, and there seized for a violation of revenue regulations committed out of the jurisdiction of the United States, may be confiscated; but that, to complete the forfeiture, it is essential that the vessel shall be bound to, and shall come within, the territory of the United States, after the prohibited act. The act done beyond the jurisdiction is assumed to be part of an attempt to violate the revenue laws within the jurisdiction. Under the previous sections of that act, it is made the duty of revenue-officers to board all vessels, for the purpose of examining their papers, within four leagues of the coast. If foreign vessels have been boarded and seized on the high sea, and have been adjudged guilty, and their governments have not objected, it is probably either because they were not appealed to, or have acquiesced, in the particular instance, from motives of comity.

"The cases cited in the author's note do not necessarily and strictly sustain the position taken in the text. In *The Louis* (Dodson, ii. 245), the arrest was held unjustified, because made in time of peace for a violation of municipal law beyond territorial waters. The words of Sir William Scott, on pages 245 and 246, with reference to the Hovering Acts, are only illustrative of the admitted rule, that neighboring waters are territorial; and he does not say, even as an *obiter dictum*, that the territory for revenue purposes extends beyond that claimed for other purposes. On the contrary, he says that an inquiry for fiscal or defensive purposes, near the coast but beyond the marine league, as under the hovering-laws of Great Britain and the United States, 'has nothing in common with the right of visitation and search upon the unappropriated parts of the ocean;' and adds, 'A recent Swedish claim of examination on the high seas, though confined to foreign ships bound to Swedish ports, and accompanied, in a manner not very consistent or intelligible, with a disclaimer of all right of visitation, was resisted by the British Government, and was finally withdrawn.' *Church* v. *Hubbart* (Cranch, ii. 187) was an action on a policy of insurance, in which there was an exception of risks of illicit trade with the Portuguese. The voyage was for such an illicit trade, and the vessel, in pursuance of that purpose, came to anchor within about four leagues of the Portuguese coast; and the master went on shore on business, where he was arrested, and the vessel was afterwards seized at her anchorage and condemned. The owner sought to recover for the condemnation. The court held, that it was not necessary for the defendants to prove an illicit trade begun, but only that the risks excluded were incurred by the prosecution of such a voyage. It is true, that Chief Justice Marshall admitted the right of a nation to secure itself against intended violations of its laws, by seizures made within reasonable limits, as to which, he said, nations must exercise comity and concession, and the exact extent of which, was not settled; and, in the case before the court, the four leagues were not treated as rendering the

[5] Ch. 22, sec. 27, 1 Stat. 648.

seizure illegal. This remark must now be treated as an unwarranted admission. The result of the decision is, that the court did not undertake to pronounce judicially, in a suit on a private contract, that a seizure of an American vessel, made at four leagues, by a foreign power, was void and a mere trespass. In the subsequent case of *Rose* v. *Himely* (Cranch, iv. 241), where a vessel was seized ten leagues from the French coast, and taken to a Spanish port, and condemned in a French tribunal under municipal and not belligerent law, the court held that any seizures from [*for*] municipal purposes beyond the territory of the sovereign are invalid; assuming, perhaps, that ten leagues must be beyond the territorial limits, for all purposes. In *Hudson* v. *Guestier* (Cranch, iv. 293), where it was agreed that the seizure was municipal, and was made within a league of the French coast, the majority of the court held, that the jurisdiction to make a decree of forfeiture was not lost by the fact that the vessel was never taken into a French port, if possession of her was retained, though in a foreign port. The judgment being set aside and a new trial ordered, the case came up again, and is reported in Cranch, vi. 281. At the new trial, the place of seizure was disputed; and the judge instructed the jury, that a municipal seizure, made within six leagues of the French coast, was valid, and gave a good title to the defendant. The jury found a general verdict for the defendant, and exceptions were taken to the instructions. The Supreme Court sustained the verdict,—not however, upon the ground that a municipal seizure made at six leagues from the coast was valid, but on the ground that the French decree of condemnation must be considered as settling the facts involved; and, if a seizure within a less distance from shore was necessary to jurisdiction, the decree may have determined the fact accordingly; and the verdict in the Circuit Court did not disclose the opinion of the jury on that point. The judges differed in stating the principle of this case and of *Rose* v. *Himely;* and the report leaves the difference somewhat obscure.

"This subject was discussed incidentally in the case of the *Cagliari*,[6] which was a seizure on the high seas, not for violation of revenue laws, but on a claim somewhat mixed of piracy and war. In the opinion given by Dr. Twiss to the Sardinian Government in that case, the learned writer refers to what has sometimes been treated as an exceptional right of search and seizure, for revenue purposes, beyond the marine league; and says that no such exception can be sustained as a right. He adds: 'In ordinary cases, indeed, where a merchant-ship has been seized on the high seas, the sovereign whose flag has been violated waives his privilege; considering the offending ship to have acted with *mala fides* towards the other State with which he is in amity, and to have consequently forfeited any just claim to his protection.' He considers the revenue regulations of many States, authorizing visit and seizure beyond their waters, to be enforceable at the peril of such States, and to rest on the express or tacit permission of the States whose vessels may be seized.

"It may be said that the principle is settled, that municipal seizures can not be made, for any purpose, beyond territorial waters.

[6] See *British and Foreign State Papers*, 1857–1858, vol. XLVIII, pp. 326–557.

It is also settled, that the limit of these waters is, in the absence of treaty, the marine league or the cannon-shot. It cannot now be successfully maintained, either that municipal visits and search may be made beyond the territorial waters for special purposes, or that there are different bounds of that territory for different objects. But, as the line of territorial waters, if not fixed, is dependent on the unsettled range of artillery fire, and, if fixed, must be by an arbitrary measure, the courts, in the earlier cases, were not strict as to standards of distance, where no foreign powers intervened in the causes. In later times, it is safe to infer that judicial as well as political tribunals will insist on one line of marine territorial jurisdiction, for the exercise of force on foreign vessels, in time of peace, for all purposes alike." (Dana's Wheaton, 8th Edition, pp. 258–9).

It has been suggested that the seizure of vessels on the high seas for the purpose of preventing smuggling might be justified under the so-called right of self-preservation. This right on the part of a nation, says Mr. Hershey, in his work on international law includes "the right to preserve the integrity and inviolability of its territory with the corresponding duty of respecting that of other states". (p. 144). In order to maintain that right a nation may, say the authorities, in extreme cases commit what would ordinarily be an infraction of the law of nations and violate the territorial sovereignty or the international right of another state. (Westlake I, 299; Taylor, 405; Hall 5th ed., 269; Moore II, 402). Operations of this kind are described by Halleck as "imperfect war". (I, p. 113). From an examination of the instances in which this principle of self-preservation has been invoked, it would appear that they are limited to efforts to thwart acts of a military character. A serious question is involved in any attempt to extend the application of this so-called right of self-preservation, which has given rise to much controversy in the past, to interference with foreign vessels on the high seas with a view to the prevention of smuggling.

You refer to the statutory provisions enacted in 1799[7] which have been called "hovering laws". Similar laws were enacted by Great Britain in 1736 [*1739*],[8] but it appears they have long since been repealed. I shall not discuss the application of the provisions of these laws further than to say that municipal legislation undoubtedly supplies the rule for municipal officers, but the rule of international law will remain the criterion of international obligation by reference to which our duties toward other nations are determined except as they may be modified by special agreements.

I am [etc.] CHARLES E. HUGHES

[7] Act of Mar. 2, 1799, ch. 22, sec. 27, 1 Stat. 648.
[8] Great Britain, Statutes, 12th George II, ch. 22.

811.114/1003

The Attorney General (Daugherty) to the Secretary of State

WASHINGTON, *September 28, 1922.*

SIR: Acknowledgment is made of the receipt of your letter of September 22, 1922,[9] wherein you refer to the conferences recently had between representatives of your Department and the Department of Justice, with regard to the seizure of foreign ships outside the three-mile limit of the United States.

I note your letter indicates that these seizures are made in the contemplation of this Department for violation of the prohibition laws of this country. I beg to correct such a statement, and direct your attention to the fact, that, the Department of Justice has never authorized a seizure outside of the three-mile limit for violation of the prohibition laws.

We are not unmindful of the fact that the validity of Section 2867 of the Revised Statutes, and succeeding so-called "hovering" laws have been questioned by writers on international law, and are not wholly consistent with views expressed formerly by our State Department, but *Church* vs. *Hubbart*[10] has never been overruled. The "hovering" Statutes have never been, by our Congress or our Courts repealed, and the Department of Justice feels bound by those Statutes until the law is clearly settled otherwise.

I thank you for enclosing the letter of the State Department to the Honorable Thomas Sterling, United States Senate.

This Department makes the case of each seizure of a vessel because of violation of the "hovering" Statutes, if such vessel is foreign owned, the subject of a special investigation and consideration.

We will be very glad to furnish your Department with a memorandum on each of these cases if you so desire, clearly setting forth the facts of the case that lead to the judgment that the vessel has rendered herself forfeitable under Section 2867 of the Revised Statutes.

Very truly yours,

For the Attorney General,
MABEL WALKER WILLEBRANDT
Assistant Attorney General

[9] Not printed.
[10] 2 Cranch 187.

811.114 Gt. Brit./47

The British Ambassador (Geddes) to the Secretary of State

WASHINGTON, *September 29, 1922.*

MY DEAR MR. SECRETARY: With reference to the Cabinet's recent ruling against seizures outside the three-mile limit, except in cases where the vessel concerned can be shown to have been in illegal communication with the shore through her own boats, I should be most grateful if you could inform me whether it is the intention to make this ruling retrospective so as to apply to the case of vessels already seized.

Believe me [etc.] A. C. GEDDES

811.114/1003

The Secretary of State to the Attorney General (Daugherty)

WASHINGTON, *October 7, 1922.*

SIR: I have the honor to acknowledge the receipt of your Department's letter of September 28, 1922, in which a willingness is expressed to furnish this Department with memoranda setting forth the facts in the cases of vessels which have been seized on charge of violating Section 2867 of the Revised Statutes of the United States.

I have received and read with interest the memorandum of your Department dated October 3, 1922,[11] regarding vessels which have been seized and are under detention. The memorandum contains statements of facts regarding fourteen vessels which have been seized. Of the fourteen vessels seven appear to have been seized in the territorial waters of the United States. The following named vessels were apparently seized outside the three mile limit: *Grace and Ruby*, *Henry L. Marshall*, *Marion Mosher*, *Buena*, *H. M. Gardner*, *Grace and Edna*, *Acadia*.

You will recall that at a recent meeting of the Cabinet an understanding was reached that in the future vessels should not be seized outside the three mile limit unless their small boats or other appurtenances were engaged within the three mile limit in illegal activities.

The statements of facts relating to the seven vessels which were apparently seized outside the three mile limit do not indicate that any of them, except possibly the *Grace and Ruby*, could be regarded as falling within the class of vessels which, according to the understanding mentioned, are to be seized in the future.

I consider that observance of the international obligations of this Government requires that the vessels which were seized outside the

[11] Not printed.

three mile limit, and which are not shown to have conducted themselves in a manner bringing them within the class of vessels which, according to the understanding reached at the meeting of the Cabinet, were to be seized, should be released. I hope that prompt steps can be taken to that end.

I may observe that the question presented for consideration by the seizure on the high seas of vessels of foreign nationality is not one of municipal law, which is not deemed to be controlling with respect to international obligations, but one of international law and of the liability to which the United States Government would subject itself by seizures which would not be recognized as justified by international law in case the question came before an international tribunal.

I have [etc.] CHARLES E. HUGHES

811.114/1015

The Secretary of the Treasury (Mellon) to the Secretary of State [12]

WASHINGTON, *October 7, 1922.*

MY DEAR MR. SECRETARY: For your information I wish to advise that I have received from the President the following communications containing instructions following the ruling of the Attorney General [13] upon the administration of the prohibition enforcement act, as applied to service and transportation of intoxicating liquors upon carriers at sea:

"THE WHITE HOUSE
WASHINGTON

OCTOBER 6, 1922.

MY DEAR MR. SECRETARY:

"I have asked the Attorney General to place in your hands his ruling relating to the application of the Eighteenth Amendment and the Volstead Act to the service and the transportation of intoxicating liquors on American ships at sea, and the transportation of intoxicating liquors on all vessels within American waters. The ruling, you will note, holds all transportation in American waters to be contrary to a recent decision of the Supreme Court,[14] and transportation and traffic on American vessels to be wholly contrary to law. I have directed the Chairman of the United States Shipping Board to order immediate observance of the law on all government vessels, and desire you to give like notice to the masters of all privately-owned ships operating under the American flag.

"You will note that the ruling holds the possession or transportation of all intoxicating liquors by foreign ships in American waters to be contrary to the decision of the Court. You will therefore proceed to the formulation

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[12] Copies of this letter were transmitted on Oct. 7 by the Department of State to the chiefs of missions in Washington.

[13] 33 Op. Att. Gen. 335.

[14] *Grogan* v. *Walker* and *Anchor Line* v. *Aldridge*, 259 U. S. 80.

of regulations for the enforcement of the law, and such notice to the agents of foreign shipping lines touching American ports or docking therein as becomes the circumstances and commits us to full enforcement of the law."

"Very truly yours,

(Signed) WARREN G. HARDING"

"Hon. A. W. MELLON,
Secretary of the Treasury,
Washington, D. C."

"THE WHITE HOUSE
WASHINGTON

OCTOBER 7, 1922.

MY DEAR MR. SECRETARY:

"Supplementing my letter of instruction of October 6th, relating to the enforcement of the Eighteenth Amendment and the Prohibition Enforcement Act as applied to carriers at sea, you will please direct United States Customs officials to give notice to all shipping lines that pending the formulation of regulations, the enforcement of the prohibition of transportation of cargoes or ship stores will not be practicable in the case of foreign vessels leaving their home ports or American vessels leaving foreign ports on or before October 14, 1922.[15] Any earlier attempt at enforcement, in the absence of due notice and ample regulations, would be inconsistent with just dealing and have a tendency to disrupt needlessly the ways of commerce.

"This delay in full enforcement does not apply to the sale of intoxicating liquor on vessels sailing under the American flag."

"Very truly yours,

(Signed) WARREN G. HARDING"

"Hon. A. W. MELLON,
Secretary of the Treasury,
Washington, D. C."

In pursuance of these instructions I am having prepared the necessary orders and regulations to carry into effect the provisions thereof.

Very truly yours,

A. W. MELLON

811.114 Gt. Brit./39

The British Ambassador (Geddes) to the Secretary of State

No. 781 WASHINGTON, *October 13, 1922.*

SIR: Mr. Chilton[16] duly forwarded to His Majesty's Government copy of your note of June 26th last in which certain suggestions were made for cooperation between the British and United States authorities with the object of restricting the smuggling of alcoholic liquor into the United States.

I am now directed to inform you that His Majesty's Government have naturally been desirous of preventing, by every means within their power, any breaches of the law in the Bahamas or elsewhere in the British West Indies by persons engaged in illicit trade with the United States, and the proposals made by the United States Government with this object have received the most sympathetic consideration. With the object of preventing the development of illegal

[15] The effective date for the enforcement of this provision was later changed to Oct. 21, 1922.

[16] H. G. Chilton, British Chargé June 27–Aug. 10, 1922.

practices in connection with this traffic instructions had, in fact, some months before the receipt of the representations made by the United States Government, been sent to the Governor of the Bahamas, who was at that time requested to see that no irregularities of any kind should be permitted in connection with vessels clearing from that colony, and that the formalities required in connection with such clearances should be most strictly enforced. Instructions have also been given to the local Registrars of Shipping which will, it is anticipated, have the effect of preventing any future transfers of United States vessels to the British flag until a complete investigation of the circumstances can be made. Investigations, which it is hoped will shortly be concluded, are being made into the position and proceedings of the vessels, a list of which was enclosed in your note of June 26th.

In dealing with the precautions to be taken to control transfers from the United States to the British flag, the suggestion that, in such cases, the local Registrar of Shipping should require the production of a certificate from the United States Shipping Board has been carefully examined. It has been found that there would be great difficulties in the adoption on British territory of such a requirement, and it would be still more difficult to give such a requirement the force of law. With a view, however, to meeting the wishes of the United States Government on this point as far as is practicable, instructions have been given to the Registrar of Shipping at Nassau to the effect that, in transfer cases in which any possible doubt exists as to the *bona fides* of the parties to the transaction, the non-production of the Shipping Board certificate should be taken as a ground of suspicion, involving reference of the case to the Board of Trade in London for further directions. The delay necessitated by this procedure would, it is hoped, be in itself sufficient to reduce to a minimum the danger of transfers being successfully effected in improper cases. It may be added that if, in spite of the precautions taken, a fictitious owner secures registry and there is reason to believe that his title is open to question, an enquiry may be instituted under section 51 of the Merchant Shipping Act, 1906, and if, as a result of these proceedings, it becomes clear that the transaction was fraudulent, the ship is subject to forfeiture. Proceedings under this section of the act had in fact already been instituted in some cases, and the possibility of instituting similar proceedings in the case of some of the vessels referred to in the note from the State Department is being examined.

His Majesty's Government had thus taken steps even before the receipt of representations from the United States Government to prevent the practices, to which attention has now been drawn. They have now, as already indicated, issued supplementary instructions in

the matter, and hope that the measures taken will prove successful in preventing any breaches of the local law. They feel, however, more difficulty in accepting the proposal that a treaty should be made authorising the authorities of each government to exercise a right of search of vessels of the other beyond the three mile limit of territorial waters up to a distance of twelve miles from the shore. His Majesty's Government have consistently opposed any extension of the limit of territorial waters such as that now suggested. They feel that the outbreak of smuggling which has led to the proposal cannot be regarded as a permanent condition, but as one which will no doubt be suppressed by the United States authorities within the not distant future. While, therefore, they are desirous of assisting the United States Government to the best of their ability in the suppression of the traffic and in the prevention of the abuse of the British flag by those engaged in it, they do not feel that they can properly acquiesce, in order to meet a temporary emergency, in the abandonment of a principle to which they attach great importance.

In communicating the above to you I am directed to add that while His Majesty's Government are, as already indicated, unable to acquiesce in the proposed treaty for the extension of territorial waters, they are nevertheless most desirous of taking any steps within their power to prevent any infractions of the local law by persons engaged in liquor smuggling.

I have [etc.] A. C. GEDDES

811.114/1032 : Circular telegram

The Acting Secretary of State to Diplomatic and Consular Officers

WASHINGTON, *October 14, 1922.*

At request of Secretary of Treasury, send following notice by mail or otherwise to all persons and companies your district owning or operating vessels touching at ports of the United States or any of its possessions, and to masters of such vessels, and give wide publicity to it both in English and in the language of your district.

"The provisions of the National Prohibition Act are applicable to United States vessels leaving foreign ports after October 21st, and to foreign vessels leaving foreign ports after that date on coming within the territorial waters of the United States. All sales of beverage liquors on United States vessels anywhere, and on foreign vessels within the territorial waters of the United States, are unlawful after October 7th. This notice does not apply to foreign vessels passing through the Panama Canal and not touching any other port under the jurisdiction of the United States.

A. W. Mellon
Secretary of the Treasury."

HARRISON

811.114/1053

The Secretary of the Mexican Embassy (Téllez) to the Chief of the Division of Mexican Affairs, Department of State (Hanna)

[Translation [17]]

WASHINGTON, *October 17, 1922.*

MY DEAR MR. HANNA: Pursuant to the notice which by your direction Mr. Keith [18] was pleased to give me on the day immediately preceding over the telephone, on the morning of the 11th there was received at this Embassy by mail a mimeographed copy of a communication which seems to be dated the 7th of this month and which the Secretary of the Treasury, the Honorable A. W. Mellon, sent to the Secretary of State, His Excellency Charles E. Hughes, making known to him the instructions issued by His Excellency President Harding, concerning the ruling of the Honorable the Attorney General of the United States on the application to be made of the prohibition laws with regard to the service and transportation of alcoholic beverages within the territorial waters of the United States; these instructions direct that all foreign vessels which, carrying such beverages on board either as part of their cargo or as stores for the use of the crew, and having sailed from a foreign port after the 14th of this month, should arrive in North American territorial waters or ports, shall be regarded as having violated those laws.

The Department of Foreign Affairs, to which I duly communicated the tenor of the aforesaid provisions, finding the term set for its enforcement insufficient with regard to foreign vessels, has instructed me to formulate, as I now have the honor to do through you, a formal protest, since the shortness of the term set—even taking into consideration the short extension which was as it seems subsequently granted—will not permit of making the aforesaid provisions known to shippers and shipowners of the Republic sufficiently in advance to enable them to save their vessels which trade with United States ports from infringing the prohibitionary measures under consideration.

Begging you kindly to entertain this protest and to make note of the fact that in filing it the Embassy stands ready to act and make in due course such representations as may be justified by the enforcement, in so far as it affects vessels of Mexican registry, of the prohibitionary measures referred to in this communication, it affords me satisfaction to repeat myself [etc.].

MANUEL C. TÉLLEZ

[17] File translation revised.

[18] Edwin D. Keith, of the Division of Mexican Affairs, Department of State.

811.114/1063

The Spanish Ambassador (Riaño) to the Secretary of State

[Translation [19]]

WASHINGTON, *October 20, 1922.*

MR. SECRETARY: Referring to the order of the Honorable the President of the Republic concerning the interpretation to be put on the order of the Attorney General prohibiting the transportation of alcoholic beverages in American territorial waters, I have the honor to apply to Your Excellency with the request that you kindly point out to the proper Department the special circumstances under which the Spanish steamship companies which run ships between Spain and this Republic are placed.

This service, established more than 30 years ago in its most important branches, is not a direct service but a service of transit to the ports of Central and South America, and if the recently ordered measures should prevail, the services of these Spanish companies would be wholly disrupted since all the service with Central and South America would have to be changed or suspended, thus enormously injuring their interests. Your Excellency is aware that in the majority of European countries wine is considered as forming part of food and if the Spanish sailors are denied it at their meals they will not ship.

I merely make this remark for Your Excellency's information and that of the proper Department, but not in any way implying the assent of His Majesty's Government to the new law, and much less to the principle which inspired it.

I take [etc.] JUAN RIAÑO

811.114/1060

The British Embassy to the Department of State

MEMORANDUM

The British Merchant Marine Act and the regulations issued thereunder provide that all British ships must carry on board, as part of their medical stores, specified quantities of wines and spirits.

It will, of course, be understood that British ships must continue to comply with British law in the same way as United States ships must comply with the law of this country.

WASHINGTON, *October 23, 1922.*

[19] File translation revised.

811.114 Gt. Brit./39

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *October 28, 1922.*

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 781, of October 13, 1922, relative to suggestions contained in my note of June 26, last, concerning cooperation between the British and American authorities with the object of restricting the smuggling of alcoholic liquor into the United States.

I have the honor to express appreciation for the action of Your Government in issuing instructions with a view to preventing the issuance of two sets of clearance papers to vessels clearing from British ports, and also in taking steps to stop fraudulent transfers of vessels from United States registry to British registry.

I am pleased to learn that instructions have been sent to the Registrar of Shipping at Nassau to the effect that, in transfer cases in which any possible doubt exists as to the *bona fides* of the parties to the transaction, the non-production of a Shipping Board certificate shall be taken as a ground of suspicion involving reference of the case to the Board of Trade in London for further directions, and that your Government has taken steps to ascertain whether any of the vessels referred to in my note of June 26, 1922, have obtained registry under the British flag by fraud, and that proceedings for the forfeiture of any vessels that are found to have obtained British registry by fraud may be instituted under the provisions of Section 51 of the Merchant Shipping Act, 1906. This Government is also pleased to receive the assurance of the British Government that, although it is unable to acquiesce in the proposed treaty for the extension of territorial waters, it is nevertheless most desirous of taking any steps within its power to prevent any infractions of the local law by persons engaged in liquor smuggling.

I shall be grateful if you will inform me of the result of the investigations which are being made with respect to the vessels mentioned in the list [19a] enclosed with my note of June 26th, and also furnish me the names of any vessels transferred from American to British registry, against which proceedings have been instituted under Section 51 of the Merchant Shipping Act, 1906, on the ground that the transfer of registry was obtained by fraud.

In order that your Government may have the benefit of any information in the possession of this Government respecting fraudulent transfers of registry and the issuance of two sets of clearance papers, I have requested the appropriate authorities of the United States to furnish me any information they may obtain with respect

[19a] Not printed.

to these matters, and I shall be glad to transmit it to you for such use as may be deemed appropriate.

I may state in conclusion that I have no doubt that the cooperation of your Government in preventing by every means within its power any breaches of the law in the Bahamas or elsewhere in the British West Indies by persons engaged in illicit trade with the United States, will be of very great assistance to this Government in the enforcement of its laws.

Accept [etc.] CHARLES E. HUGHES

811.114/1074 : Circular telegram

The Secretary of State to Diplomatic Representatives [20]

WASHINGTON, *October 28, 1922—5 p. m.*

Referring Departments circular telegrams October 7 [21] and 14. Inform the Foreign Office that the Secretary of the Treasury has promulgated the following regulation,

"On October 25th, 1922, the Secretary of the Treasury issued an order continuing in effect until further notice the present regulations of the Treasury Department governing the bringing of liquors into the territorial waters of the United States by foreign vessels under which both cargo and sea-stores liquors may be brought into American territorial waters, cargo liquors to be sealed and remain sealed while therein, sea-stores to be sealed on entering and remain sealed, except when opened for the withdrawal therefrom of liquors for the use of the officers and crew only, all sales and service whatever to passengers being prohibited."

HUGHES

811.114 Gt. Brit./47

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *November 14, 1922.*

MY DEAR MR. AMBASSADOR: As I have informed you in our interviews, since the receipt of your letter of September 29th, with regard to the seizure of vessels supposed by the authorities to be in communication with the shore in the course of illicit traffic in intoxicating liquors, I have sought definite information as to each particular case in order that appropriate action might be taken and that you might be definitely advised.

You will readily understand that under our practice there has been no "Cabinet ruling" in the technical sense but that official action

[20] A similar circular telegram was sent on the same date to American consular officers, instructing them to inform foreign shipping.

[21] Not printed.

on the part of this Government must be taken in each case through the proper Department, regard being had, of course, to the Government's conception of the merits of each case according to the applicable rules. I have been informed by the Department of Justice that there have been fourteen British vessels seized and that seven of these seizures were within what is called the three-mile limit. With respect to the remaining seven, I am advised that directions for release have been given in the following cases:

Marion Mosher
Grace and Edna
The Acadia
H. M. Gardner
Buena

As to the remaining two vessels, the present situation is as follows:

The *Grace and Ruby* was condemned by the decision of the United States District Court at Boston [22] and an appeal is pending before the Supreme Court of the United States.

The *Henry L. Marshall* was condemned by the decision of the United States District Court for the Southern District of New York.[23]

I am [etc.] CHARLES E. HUGHES

811.114/1142

The British Ambassador (Geddes) to the Secretary of State

No. 893 WASHINGTON, *November 30, 1922.*

SIR: I have the honour to inform you that His Majesty's Government have watched with interest, in so far as it affects British ships, the application by the United States of its accepted policy of national prohibition. In a spirit of warm friendliness His Majesty's Government desire to direct the attention of the United States Government to some quite general aspects and implications of the situation.

In taking this step His Majesty's Government do not seek at this time to examine the possible bearing of the generally accepted precepts of international law upon the subject nor do they wish to refer to vessels whose good faith might conceivably be in doubt. These are particular matters which at another time may have to be discussed.

His Majesty's Government understand that the law of the United States, as at present interpreted, requires that regulations be issued

[22] 283 Fed. 475.
[23] 286 Fed. 260.

to forbid any foreign ship entering United States territorial waters, to send me a statement issued by the Secretary of the Treasury to purposes on board, or as provision, under regulation or contract, for the crew.

Enclosed in your note of the 2nd instant [24] you were good enough to send me a statement issued by the Secretary of the Treasury to the effect that until new regulations were available, no steps would be taken to enforce the judgment of the United States District Court for the Southern District of New York, announced on the 23rd ultimo.[25] That judgment confirmed the recent ruling of the Attorney General prohibiting the entry into any United States port of vessels carrying liquor. The statement added that, for the present, all ships while within United States territorial waters would be permitted to retain under seal their supplies of liquor.

It appears hardly necessary for me to disclaim any intention on the part of His Majesty's Government to influence the interpretation of the laws of the United States by the Courts of the United States. No thought is further from their mind. His Majesty's Government's anxiety is directed wholly towards certain broad and, in their view, important international considerations of a wholly general nature not necessarily in any way connected with the use of alcoholic liquor as a beverage.

The merchant ships of all countries, as they proceed on their lawful occasions across and about the seas, must enter ports in many lands. By immemorial custom these ships are subject exclusively to the laws and regulations of their own state, except when they are within the territorial waters of a foreign power. It appears reasonable, indeed for many years it has been the custom, for each state to legislate for the maintenance of good order among, and fair dealing by, all ships regardless of their nationality while they are within the limits of its territorial waters. But such submission by a foreign ship to the municipal laws of the states, within whose territorial waters it finds itself from time to time, does not taint the ship's exclusive submission to the laws or regulations of its own state when it is again on the high seas or in its home ports.

It appears therefore that for any state, even constructively, to project the operation of its strictly domestic municipal law on to foreign ships on the high seas would be unprecedented and would, if many states adopted such a course, subject all shipping, other than coastwise, to the evils which necessarily flow from a conflict of authority.

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[24] Not printed.

[25] *Cunard Steamship Co. et al.* v. *Mellon*, and 10 other cases, 284 Fed. 890.

There is undoubted precedent for the enforcement by a state of regulations designed to establish conditions of safety and to make provision for the health of those on board foreign ships which clear from its ports. Within the same category may be mentioned regulations relating to the transport of immigrants and to the racial qualifications of the crews. These are examples of the accepted projection of national authority on to foreign ships on the high seas, but such regulations are clearly different in kind from strictly municipal laws framed to secure good order within the area of a state's territorial jurisdiction.

No one, I think, questions the right of any state to determine that alcoholic beverages shall not be consumed within the area of its territorial waters, for in the consumption of such beverages there is human action which has in certain countries been defined as being contrary to the law and therefore contrary to good order even on board foreign ships within the area of such states' jurisdiction.

There seems however to be a difference, again not of degree but of kind, between enforcing such accepted sumptuary regulations and declaring to be illegal the passive existence, under seal within the holds or lockers of a foreign ship, of articles legally on board that ship according to the laws of its own state. Especially is this the case if the articles in question are not of such a nature that they are liable of themselves to break from their containers and act beyond them without the intervention of human agency. I feel sure that you will agree that there is a clear difference between passive substances, which can be controlled by human agency and thus contained and prevented from acting physically upon the citizens or property of the state during the period that the ship is in its territorial waters and subject to its municipal law, and substances which cannot with certainty be so controlled.

I have in mind as belonging to the class of substances which cannot with certainty be controlled forms of explosive shown by experience to be liable to become unstable and explode spontaneously; or, infected or odoriferous animals or articles from which, through the instrumentality of vermin or through unavoidable percolations or diffusions, infective organisms or offensive or poisonous matter might be borne to innocent persons or do damage to animals or plants. In the category of substances not liable to escape from the control of human agency and yet so undesirable in itself as to be the subject of an international prohibitive agreement I would mention opium. This, while prohibited in practically all countries, except when properly licensed, is nevertheless immune from confiscation on board foreign vessels in territorial waters, provided that the opium is duly declared and manifested either as stores or as a consignment in transit to a foreign port.

It may also be noted at this point that the examples, which I have quoted earlier in this note, of accepted projections of national authority on to foreign ships on the high seas deal with active, or potentially active, agents. There is however no example, other than that which forms the subject of the present representation, of the passive existence of a controllable substance being made illegal.

Further, let me point out that in the case which gives occasion for this communication the very articles, whose passive existence has now been declared to be illegal, are capable of being used for purposes which are legal within the territory of the State which declares to be illegal their passive existence on a foreign ship in its territorial waters. Suppose a British ship voyaging from Vancouver to Sydney, to touch at San Francisco to pick up cargo and to have in its hold a case of champagne consigned to Sydney from Vancouver, who can tell in advance whether the contents of the case may not be destined for use in Australia in a quasi-medicinal manner as a perfectly proper stimulant or to save life in moments of collapse induced by severe illness? Let us suppose regulations to support the present interpretation of the law of the United States to be in force when that ship reaches San Francisco, what is the position? Strictly the ship is liable to forfeiture, although the prospective fate of the case of champagne may be to be sold to a hospital in Australia. Yet if that were so, it would be put to a use legal within the territory of the United States though the passive existence of the same champagne on board the ship would be illegal within territorial waters—an anomaly of a most undesirable kind.

I have referred to liquor in this imaginary example but the considerations which His Majesty's Government have in mind are not confined to liquor and can be stated quite generally as a question,—

Is it wise that any state should set an example and establish a precedent by declaring that some substances, not in themselves uncontrollably noxious or dangerous, cannot passively exist legally, under perfect control, in ships of foreign nationality entering its ports, in spite of the fact that the use of such substances is permitted, under certain conditions, to the citizens of the state which declares their passive existence on board ship to be illegal?

It would appear to me that there is only one answer to this general question and that in the negative. Alcoholic liquor is not so peculiar in kind and effect that the principle of its complete exclusion from foreign ships in territorial waters can be admitted for it and denied for all other articles of consumption and commerce.

Possibilities spring readily to mind. If the passive existence of a disliked article on board a foreign ship entering a port can be declared illegal, why should a highly trade-unionized country

not prohibit foreign ships from carrying into its territorial waters goods made in open or non-union shops? Or, if it be a question of the regulation of morals, why should a ship having on board playing cards or dice or the implements of any game which may be associated with gambling be permitted to enter the ports? In the present state of the world this idea of establishing the illegality of passively existing articles of consumption or of commerce, even when under perfect control and completely insulated from all contacts with the person or property of the state, might be extended indefinitely.

I am desired by His Majesty's Government to direct your most earnest consideration to the difficulties, far from imaginary, which this example and precedent, if established, might produce. The free movement of ships about the world would be hampered and that hampering would spare the shipping of no nation. In this matter it is manifest that the true interest of all maritime nations is identical and is opposed to the hypothesis that any, and therefore every, nation can impose its own ideas of sumptuary, economic, moral, or other questions on foreign ships that visit its ports, to the extent of rendering illegal the passive existence, within the holds or lockers of the ships, of articles of consumption or commerce which it dislikes or of which it officially disapproves.

His Majesty's Government desire me to address to you these observations in which I have endeavoured to indicate the anomalies which must ensue if the precedent, which the present interpretation of the law of the United States sets, be established.

I have [etc.] A. C. GEDDES

811.114/1148

The British Ambassador (Geddes) to the Secretary of State

No. 915 WASHINGTON, *December 6, 1922.*

SIR: In the note which I had the honour to address to you on October 13th last I was able to notify you of the steps which were being taken by His Majesty's Government for the purpose of restricting the smuggling of liquor into the United States by means of the fraudulent transfer of American vessels to the British registry.

I now have pleasure in informing you that the Government of Canada have intimated to His Majesty's Government their desire to co-operate in this matter. They have accordingly issued new instructions to Registrars of Shipping in Canada regarding cases where an application is made to them to register a vessel which has been purchased from a United States citizen. These instructions are to the effect that unless the application for registry is

supported by a certificate under the seal of the United States Shipping Board, authorising such transfer to British registry, all particulars in regard to the case in question must be forwarded to the competent department of the Canadian Government for instructions before any definite steps are taken for the transfer of the vessel in question.

I have [etc.] A. C. GEDDES

811.114/1165

The Secretary of State to the Secretary of the Treasury (Mellon)

WASHINGTON, *December 26, 1922.*

SIR: I have the honor to acknowledge the receipt of your letter of December 21, 1922, (your file Pro-Counsel. JJB),[27] relative to the request of the Commissioner of Yukon Territory, Canada, for permission from this Government to transport spirituous liquors from Skagway, Alaska, a short distance over American territory into Yukon Territory, since all supplies of every kind for the people of Yukon Territory, a population of some 5,000, are received through the port of Skagway. You state that the purchase and sale of liquors in Yukon Territory are carried on by the Government, and that although to grant this request would apparently be technically a violation of our Constitution and laws, the case is considered so analogous to the allowance of transportation over our territory of diplomatic liquors that you are disposed to grant the request, particularly since the Yukon Government proposes to guarantee that there will be no diversion of such liquors or abuse of the privilege. You state that if the privilege is to be allowed it must be based on its analogy to the special privilege granted the representative of foreign governments with respect to liquors, and that you do not feel at liberty to act without my consent. You add that should this Department offer no objections to the allowance of the request, although its general supervision would be with this Department, your Department would nevertheless assume responsibility for its administration and prevention of abuses under it.

I have the honor to state that I do not consider that the transportation of liquor destined to the Government of Yukon corresponds to the shipment of liquor for use by diplomatic representatives accredited to this Government. Although I am not disposed to offer any objection to the granting of the request of the Commissioner of

[27] Not printed.

Yukon Territory, should your Department see fit to grant it, I do not consider that the matter is one to be decided by the Department of State, or that I am in a position to grant the request of the Commissioner.

I have [etc.] CHARLES E. HUGHES

811.114/1182

The British Ambassador (Geddes) to the Secretary of State [28]

No. 973 WASHINGTON, *December 30, 1922.*

SIR: On September 27th last a statement, purporting to be officially inspired, appeared in the daily press to the general effect that the United States Government had decided to restrain prohibition enforcement officials from seizing, outside the three-mile limit of territorial waters, foreign vessels which are suspected of being engaged in the smuggling of liquor. According to the same statement, however, this ruling did not apply to the searching, beyond the three-mile limit, of ships which were known to be in contact with the shore, such as the running of small craft of the ship to some point on the land.

From semi-official correspondence which has since passed between us in regard to individual British vessels arrested outside territorial waters on the charge of liquor smuggling it appears that the United States Government are in fact acting on the principle defined above. The majority of such vessels either have, through your kind intervention, already been released or else are in process of being restored to their owners. The only exceptions to this rule appear to have been made in the case of vessels, notably the *Grace and Ruby*, in respect of which a charge has been lodged of having been in communication with the shore by means of the ship's small boats.

In order to avoid the possibility of any misunderstanding, I am desired by my Government to make it clear that His Majesty's Government are unable to acquiesce in what they understand to be the ruling of the United States Government, namely, that foreign vessels may be seized outside the three-mile limit if it can be shown that they have established contact with the shore for illegal purposes by means of their own small boats. My Government must reserve their right to lodge a protest in any individual case in which action may be taken by the United States Government under this ruling.

I have [etc.] A. C. GEDDES

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[28] Left with the Secretary of State by the British Ambassador Jan. 4, 1923.

811.114/1168

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *January 3, 1923.*

EXCELLENCY: I have the honor to refer to your note No. 893 of November 30, 1922, and to my reply of December 11, 1922,[29] inviting attention to certain aspects of the policy of this Government with reference to prohibition so far as it affects British ships carrying cargoes of liquor, and to state that communications dealing with this matter have been received from the appropriate authorities of this Government. It is stated that cases brought in the United States District Court of New York for the purpose of obtaining a judicial construction of the Eighteenth Amendment and of the National Prohibition Act with reference to the rights of foreign vessels to carry liquor within the territorial waters of the United States have been decided by that court,[30] and the contention of the United States that such transportation was illegal has been upheld. The steamship companies that brought the actions have appealed the cases to the Supreme Court of the United States and it has set the cases down for hearing argument by counsel on January 2, 1923. I shall not fail to inform you concerning the decision reached by the Supreme Court of the United States with respect to these cases.[31]

I may add that I am informed that the issuance of final regulations and any change in the present practice as it affects foreign vessels will be held in abeyance pending the decision of the United States Supreme Court.

Accept [etc.] CHARLES E. HUGHES

811.114/1182

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *January 18, 1923.*

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 973 of December 30, 1922, stating that your Government desires you to make it clear that it is unable to acquiesce in what it understands to be the ruling of the United States Government, namely, that foreign vessels may be seized outside the three-mile limit if it can be shown that they have established contact with the shore for illegal purposes by means of their own small boats. You state that your Government must reserve the right to lodge a protest

[29] Not printed.
[30] *Cunard Steamship Co. et al.* v. *Mellon*, and 10 other cases, 284 Fed. 890.
[31] The decision of the lower court was affirmed; 262 U. S. 100.

in any individual case in which action may be taken by the United States Government in cases of this character.

I have the honor to state that consideration has been given to the statements contained in your note and the conclusion has been reached that the Government of the United States should adhere to the position it has previously taken that foreign vessels outside the three-mile limit may be seized when it is established that they are using their small boats in illegal operations within the three-mile limit of the United States. This conclusion is supported by the position taken by the British Government in the case of the British Columbian schooner *Araunah*, which was seized off Copper Island, by the Russian authorities in 1888, because it appeared that members of the crew of the schooner were illegally taking seals in Bering Sea by means of canoes operated between the schooner and the land, and it was affirmed that two of the canoes were within half a mile of the shore. Lord Salisbury stated that Her Majesty's Government were "of opinion that, even if the *Araunah* at the time of the seizure was herself outside the three-mile territorial limit, the fact that she was, by means of her boats, carrying on fishing within Russian waters without the prescribed license warranted her seizure and confiscation according to the provisions of the municipal law regulating the use of those waters." (Volume 82, *British and Foreign State Papers*, page 1058.)

I may add that it is not understood on what grounds the decision of His Majesty's Government in this matter was reached, in view of the position taken by Lord Salisbury in the *Araunah* case and the statement in your note No. 781 of October 13, 1922, that His Majesty's Government "are desirous of assisting the United States Government to the best of their ability in the suppression of the traffic and in the prevention of the abuse of the British flag by those engaged in it".

As you are doubtless aware, the case of the *Grace and Ruby*, to which you refer, is now pending before the Supreme Court of the United States and I shall be glad to inform you of its decision as soon as it is rendered.

Accept [etc.] CHARLES E. HUGHES

ALBANIA

RECOGNITION ACCORDED TO ALBANIA BY THE UNITED STATES

875.01/158 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

ROME, *December 13, 1921—3 p.m.*
[Received December 14—3:15 a.m.]

259. The members of the Albanian delegation before they left Italy stated at an informal meeting not held at the Embassy that recognition had been accorded by the delimitation of Albania by the Council of Ambassadors, but they were not clear as to present recognition of the *de jure* Government by France, Great Britain and Italy. They request that after any recognition given by other powers, the United States accord whatever prompt recognition of any kind it can. They represent that Albania is ready for the concession of valuable oil rights, and that the most matured proposal, which has not yet been confirmed by the Albanian Council, or Parliament, is that for a concession to the British D'Arcy group. Albanian policy, they say, must take into consideration the international political values accruing through the nationality to which the concessions are granted, but they admit that the steady development of the oil fields and of Albania itself would be a more decisive consideration. Italy, they asserted, has politically the most advantage in Albania. I am informed that an Albanian named Daragjati is presenting the Italian plan. The facts in regard to the oil findings are still obscure even as represented by the delegates themselves, and information which has been obtained from travelers remains unsupported.

CHILD

875.6363/20

The Ambassador in Italy (Child) to the Secretary of State

No. 251

ROME, *April 3, 1922.*
[Received April 19.]

SIR: I have the honor to refer to my despatch No. 177 of January 16th,[1] in which I reported certain information which I obtained from Mr. Ralph Soper, representing the Sinclair Oil Company, 45 Nassau Street, New York, who had just returned from Albania,

[1] Not printed.

where his Company had been seeking an oil concession, with reference as well to your telegram No. 28 of March 16, 5 p.m.[2] and to my reply No. 41 of March 18, 1 p.m.,[2] and previous correspondence in regard to the Albanian situation. I now have the honor to enclose herewith copies of two letters [2] from Mr. C. Telford Erickson, dated respectively, Tirana February 23 and Tirana March 20, to the Military Attaché of this Embassy. Colonel Donnelly had recently to make a report on Albania under instructions from his Department, and it was at the suggestion of the Embassy that he wrote direct to Mr. Erickson. The Embassy has heretofore refrained from direct correspondence with anyone from Albania, and it was thought that Colonel Donnelly's need for information from that quarter would provide a suitable opportunity for communication with Erickson, who is probably the best informed American on Albanian conditions. The Department may recall that Mr. Erickson was in America last year representing the Albanian Government. He was originally a missionary and his name has figured frequently in previous despatches from this Embassy in connection with the affairs of the Sinclair Oil Company and other embryo oil concessions in Albania.[2]

. . . . . .

According to Mr. Erickson's letter, the Albanian Government is turning to Great Britain for aid, has asked for a financial expert, and is trying to obtain at the same time a loan with the help of the British Government, in return for which they promise to the Anglo-Persian Oil Company the oil monopoly for all Albania. Mr. Erickson adds that two government engineers, one Italian and the other Austrian, have just examined the oil fields and that their reports indicate very large deposits easy of development.

I venture to hope, therefore, that this matter will receive the considered attention of the Department and that a definite policy in regard to Albania will be formulated. It is quite possible that if skillfully handled some definite benefit could accrue to American interests through the promise of recognition and the timely culmination of that event. It would appear quite possible that if we defer action much longer British and other interests will obtain such ascendency in this small vulnerable country that American interests will be virtually excluded and their claims relegated to the usual official protests through diplomatic channels for the equality of opportunity. The Embassy stands ready, of course, to assist in this matter in any way in its power.

Apart altogether from the utilitarian aspect of the matter, the moral influence of American recognition would be very consider-

[2] Not printed.

able. It appears to Mr. Erickson that there are thousands of American Albanians to whom America is almost as dear as their motherland and upon whom no other country has such a hold on their imagination and affection. The imminence of possible recognition might also have a salutary influence upon certain phases of our relations with the Italian Government.

I have [etc.] RICHARD WASHBURN CHILD

875.01/191 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, *April 24, 1922—4 p.m.*

52. Your confidential despatch No. 251 April 3. Report by telegraph countries which have recognized Albania, whether *de facto* or *de jure* recognition has been given and the exact designation of representatives who have been sent.

HUGHES

875.6363/21

The Secretary of Commerce (Hoover) to the Secretary of State

WASHINGTON, *April 26, 1922.*

MY DEAR MR. SECRETARY: I have recently learned from a representative of the Sinclair Oil Company that that company is very much interested in the possibilities of oil development in Albania. It appears that the company is endeavoring to secure concessions to certain oil rights with the full intention of beginning active operations as soon as such concessions are secured but is being greatly hampered in actually getting the Albanian government to agree to any definite form of contract because of the fact that both British and Italian nationals are likewise trying to secure similar concessions. The latter are very much aided by the fact that both England and Italy have recognized the Albanian government and have sent to Albania active governmental representatives who are pushing the claims of their nationals.

I am wondering whether, in view of this situation, it would not be possible for you to give serious consideration to the recognition of Albania, or if actual recognition appears inadvisable, to the possibility of sending some American Government agent into the country who can give a show of interest and support to the claims of the Sinclair Oil Company. This appears to be a clear case of where a little assistance by the government can go far in support of legitimate American enterprise abroad.

Yours faithfully,

HERBERT HOOVER

875.6363/22

The Vice President of the Sinclair Exploration Company (A. C. Veatch) to the Secretary of State

NEW YORK, *April 26, 1922.*

[Received April 27.]

DEAR SIR: In June of last year the Sinclair Exploration Company was advised that the Albanian Government and people preferred American capital to the capital of other nationals; that this was particularly true with respect to oil, and that while the Government had discussed a concession with the Anglo-Persian Oil Company, the country felt it would be better not to give an oil concession to the nationals of any European country.

Following conferences in June, 1921, with the special representative of the Albanian Government [2a] in the United States and in accordance with arrangements then made, we dispatched a representative to Albania. Following the completion of his preliminary investigation, we authorized him to enter into a contract with the Albanian Government for a petroleum concession, and he returned to Albania for this purpose.

Because of the questions connected with the boundary of the country, in the settlement of which British and Italian influence was of great importance, the Albanians felt that it would be impolitic to give an oil concession to Americans at that time, but we were advised by the Government that it felt that in a few months it would be free of this restraint.

We now have advices that Parliament will convene next month, instead of in June as originally indicated, and that it will probably settle the petroleum question. We are accordingly dispatching a representative to Albania.

American interests, not only in connection with this oil concession, but in other particulars, are at a great disadvantage in Albania, owing to the fact that the United States has not followed the lead of the larger European nations in recognizing Albania. The British Minister has been particularly active since his arrival in Tirana, and we strongly recommend the recognition of Albania by the United States and the sending of a representative of this Government to that country.

Yours very truly,

A. C. VEATCH

[2a] C. Telford Erickson.

123 B 58/175 : Telegram

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Denning)

WASHINGTON, *April 27, 1922—11 a.m.*

4. Your April 24, 10 a.m.[3] For Blake.

The Department is considering the recognition of Albania. Before taking action it is desired that you report as to conditions in that country, stability of present government and existing or prospective American interests there. You are instructed to proceed as soon as possible to Rome for consultation with the Embassy and examination of correspondence regarding Albania. From Rome you are instructed to proceed to such points in Albania, including Tirana, as you may consider necessary for your investigations. Department will cable you further instructions at Rome.

Inform Department by telegraph of your departure from Tangier and arrival at Rome. Your status will be that of Consul General on temporary detail. Transportation and subsistence allowed in accordance with travel regulations, and not exceeding six hundred dollars extraordinary expenses for which separate account should be rendered. Telegraph from Rome recommendations as to clerk to accompany you if necessary, whether suitable one available there, and salary.

HUGHES

875.01/192 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

ROME, *April 27, 1922—5 p.m.*
[Received April 28—12:24 a.m.]

66. Your 52 April 24, 4 p.m. The powers in the Supreme Council have recognized Albania *de jure*. Of these powers England and Italy have sent Ministers. France is represented only by a consul at Scutari. Japan has no representative. The other countries which have accorded *de jure* recognition are Finland, Switzerland, Belgium and Jugoslavia and of these only Jugoslavia is represented, having a Chargé d'Affaires.

CHILD

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[3] Telegram of Apr. 24 (not printed) was from Maxwell Blake requesting assignment to another post. He had turned over the consulate at Tangier to his successor, Joseph M. Denning, on Apr. 11.

375.117/–

The Secretary of State to the Consul General on Special Mission (Blake), temporarily in Rome

WASHINGTON, *May 9, 1922.*

SIR: The American Consul at Salonica telegraphed the Department on April 24, 1922,[4] stating that American citizens of Albanian origin had informed him that the Albanian authorities were taking possession of their American passports and forcing them to take Albanian passports.

You are, therefore, instructed, on your arrival in Albania, to investigate this matter, and if the facts are found to be as they were represented to the Consul, to protest to the Albanian authorities and to invite their attention to the unfavorable impression which such treatment of American citizens cannot fail to make on this Government.

I am [etc.]

For the Secretary of State:
WILLIAM PHILLIPS

875.01/203a : Telegram

The Secretary of State to the Ambassador in France (Herrick)[5]

WASHINGTON, *May 18, 1922—5 p.m.*

157. Associated Press despatch Geneva May 13th reports that Council of League of Nations has virtually decided that League should assume protectorate over Albania and appoint certain financial, economic and legal experts to assist Albania. Italy is reported to have demanded assurances that her interest in that country would be safe-guarded.

Telegraph if possible summary of action taken by Council. Department is particularly interested in effect on Albanian independence and equality of opportunity for United States and its nationals.

Repeat to London as Department's 144 and Rome as 66.

HUGHES

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[4] Not printed.

[5] See last paragraph for instructions to repeat to London as no. 144 and Rome as no. 66. In telegram no. 161, May 19, to the Ambassador in France, the Secretary of State requested that this telegram be repeated to the Legation in Switzerland.

875.01/205 : Telegram

The Minister in Switzerland (Grew) to the Secretary of State

BERNE, *May 20, 1922—11 p.m.*
[Received May 21—5:49 a.m.]

31. Department's unnumbered telegram of May 18, 5 p.m., via Paris [6] received this evening. I am reliably informed as follows:

Neither Albanian independence nor equality of opportunity for United States and its nationals will suffer through action of League of Nations. Albania grateful to League for previous help has asked it to appoint economic, financial and judicial advisers who shall be disinterested impartial experts in the employ of the Albanian Government, with a view to putting Government on its feet and promoting the development of the country by foreign capital. Balfour proposed this in Council. Italy protested on the ground that Albania was Italy's special interest. Italy overruled and experts will be appointed. Financial adviser to be chosen first on recommendation of Financial Commission of League. These advisers will not allow preferential treatment in Albania as such policy would be destructive to League. No idea of domination but rather a close working agreement to make independence effective based on Albania's complete confidence in disinterestedness of League. American opportunity should profit rather than suffer through this new arrangement.

I hope to obtain text of discussions early next week and shall cable more fully if Department desires further clarification and so informs me. Otherwise by mail.

GREW

875.6363/21

The Secretary of State to the Secretary of Commerce (Hoover)

WASHINGTON, *May 22, 1922.*

SIR: I have the honor to acknowledge your letter of April 26, 1922, calling attention to the negotiations of the Sinclair Consolidated Oil Corporation for a petroleum concession in Albania, and suggesting that serious consideration be given to the question of the recognition of Albania, and if recognition appears inadvisable, to the possibility of sending some American representative into Albania.

There are naturally various considerations involved in the question of recognition, but I have been constantly mindful of the concrete American interest indicated by the negotiations of the Sinclair Consolidated Oil Corporation in Albania and I am, of

[6] See *supra*.

course, desirous of extending to the company any assistance which may be possible and proper. Consul General Blake, formerly Diplomatic Agent and Consul General at Tangier, was some time ago instructed to proceed to Albania. He will be informed of the Sinclair negotiations and will be instructed to extend to the company any assistance which may be possible and appropriate.

I have informed the company of the Department's action in this regard.

I have [etc.] CHARLES E. HUGHES

875.6363/22

The Secretary of State to the Vice President of the Sinclair Exploration Company (A. C. Veatch)

WASHINGTON, *May 23, 1922.*

SIR: Reference is made to your letter of April 26, 1922, and to conversations between Mr. Narramore, representing your company, and the Economic Adviser of this Department regarding the negotiations of your company for an oil concession in Albania.

Consul General Blake, formerly Diplomatic Agent and Consul General at Tangier, has been instructed to proceed to Albania and he will extend to your company any assistance which may be possible and appropriate.

It will be helpful to the Department if you will furnish from time to time any information regarding your negotiations in Albania which you feel that you can send consistently with your business interests.

I am [etc.]

For the Secretary of State:
LELAND HARRISON
Assistant Secretary

875.01/209 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

[Paraphrase]

LONDON, *May 26, 1922—6 p.m.*
[Received 7:28 p.m.]

226. Your no. 144, May 18, 5 p.m.[7] The Council of the League of Nations at its last meeting adopted a resolution which I condense as follows:

At the request of the Government of Albania one member and one secretary of the Commission of Inquiry will be retained for the present. Professor Sederholm's offer to return to Albania as member

[7] See footnote 5, p. 599.

of the Commission has been accepted. The request of the Albanian Government for economic assistance will be communicated to the Financial and Economic Commission for favorable consideration and the latter will be requested to send experts to Albania to report on measures deemed necessary to encourage foreign capital to invest in Albania. Also at the desire of the Albanian Government, the Financial Committee is requested by the Council to propose to it at its next session in accordance with a resolution adopted September 21, 1921, a list of candidates suitable for the post of Financial Adviser to the Albanian Government. The Council will consider the request of the Government of Albania for other technical advisers at a subsequent session. The Council directs that the reports of the Commission of Inquiry which are now under consideration are to be forwarded to the Council of Ambassadors and that its attention be called to the final paragraph of the supplementary report which concerns the situation on the Greek-Albanian frontier, with regard to which the Council expresses the hope that a quick solution of the question may be reached. The Council records its grateful recognition of the valuable work done by its Commission of Inquiry.

I shall forward by pouch the full text of the resolution and general report of the Commission of Inquiry.

Any suggestion that the League assume a protectorate over Albania is characterized as " fantastic " by the Foreign Office.

HARVEY

875.01/215 : Telegram

The Commissioner in Albania (Blake) to the Secretary of State

[Extract]

TIRANA, *June 28, 1922—3 p.m.*

[Received June 29—9 : 15 a.m.]

Your instruction dated May 9th.

Although the Albanian State has not yet definitely emerged from the stages of hopeful experiment, it is nevertheless sufficiently established in fact to command international support. Its existence responds to political exigencies in the Adriatic and [is] equally supported by the positive nationalist will of the people. The State is founded upon the basis of popular representation, but pending the delimitation of its precise boundaries by an international commission now actively pursuing its task and the subsequent assembly of the constitutional convention, popular government is nearer a generic term than a practice. The Government as yet can be given little credit for constructive achievement owing to financial embarrassment, inexperienced leadership and totally immigrating [*inorganic*] administration.

. . . . . .

The attitude of the Albanian Government and people toward American interests is particularly favorable. They profess themselves anxious to accord every possible facility to the entry into the country of American commerce and enterprise. They fear the encroachments of financial groups whose activities may cover political objectives; the disinterested attitude of America encourages the Albanian Government to believe that it may with safety invite American capital to assist in the development of the country.

It gives formal assurances of most-favored-nation treatment to American interests; a decree of the Regents has been issued providing that American passports carried by naturalized Albanians will be accepted without demur and all holders of such documents now serving in the Albanian Army are being released.

After careful consideration of all aspects of the situation, based upon information drawn from various parts of the country and from individuals of all views and religious complexion, the propriety and expediency of immediately according American recognition of Albania is respectfully recommended for the following reasons.

1st. As an act of spontaneous moral encouragement to the Albanian people in a critical phase of their struggle for independence who in spite of grave difficulties have given sufficient evidence of political stability to cause their admission to the League of Nations as a sovereign State and their recognition as such by some twenty European countries.

2d. Material factors are equally worthy of consideration. The country has important commercial possibilities and possesses rich natural resources awaiting development. If the American Government without due cause continues officially to hold aloof legitimate American enterprises are at a disadvantage and a policy of delay and over-caution might be detrimental to present American prestige, now a great asset. Furthermore, suspicion might arise in evil quarters that the delay was for the purpose of associating improper conditions with recognition, a phase of affairs which I am confident the Secretary of State would desire to avoid under all the circumstances. As American recognition sooner or later is an inevitable corollary to the existing state of affairs it follows that prompt action to this end should have urgent attention especially as Parliament assembles early in September when important measures for the development of the country are expected to be presented for definite ratification.

If recognition is accorded a Legation should be established and a Minister Plenipotentiary to Albania immediately designated. The seat of the Legation should be either at Tirana, if housing facil-

ities permit, or provisionally at either Durazzo or Scutari according to circumstances. Great Britain is now represented by a Minister of full plenipotentiary rank as [formerly] has been the case with Italy. The protection of legitimate American interests requires that the American representative should not have a rank inferior to that of any other power. It is understood that France and Serbia will soon designate Ministers although both Governments are now represented by Chargé d'Affaires; the British Minister now resides at Durazzo and the French Chargé d'Affaires at Scutari.

Direct telegraphic communication with the Commission at Tirana can be established if messages are routed via Belgrade.

BLAKE

875.01/223a : Telegram

The Secretary of State to the Commissioner in Albania (Blake)

WASHINGTON, *July 25, 1922—4 p.m.*

3. On July 28 you may extend to the Minister of Foreign Affairs of Albania written notification of the *de jure* recognition of Albania by the United States. In extending this recognition you may state that the Government of the United States has taken cognizance of the successful maintenance of a national Albanian Government.

Pending legislative action by Congress to establish regular diplomatic representation you will continue to act as Commissioner of the United States with the rank of Minister.

Acknowledge receipt and confirm action taken.

The fact of recognition will be given out for publication in morning papers of July 28th.

HUGHES

NEGOTIATIONS BY AMERICAN OIL COMPANIES FOR CONCESSIONS IN ALBANIA

875.6363/28 : Telegram

The Commissioner in Albania (Blake) to the Acting Secretary of State

TIRANA, *September 14, 1922—4 p.m.*

[Received September 17—10:43 a.m.]

Sinclair Exploration Company now is actively negotiating for the oil concession in Albania. Government apparently disposed to accept 12½ per cent of output as royalty but exacts some measure of guarantee to ensure immediate exploitation and also attaches con-

dition that the Sinclair Company will obtain for Albania a loan of from one to five million dollars to be secured by Albanian customs receipts. Please cable what attitude I should adopt toward this clause. The present amount of loan [garbled group] Albania possessing productive assets three times in excess of annual interest charges on amount of the loan to be obtained.

Sinclair representative promises his company will supply Department with copy of all his telegrams and otherwise will inform me of progress of negotiations. Under these circumstances to what extent shall I report by telegraph to the Department in connection with same?

W. H. Gallagher, representing Standard Oil Company of New York has arrived and proposes to open negotiations for the concession should result of his preliminary investigations prove satisfactory. Other companies represented at Tirana are Anglo–Persian and Shell as well as one French and one Italian group but both Government and Parliament will favor acceptance concession to an American company if requested.

BLAKE

875.6363/29

The Sinclair Exploration Company to the Acting Secretary of State

NEW YORK, *September 19, 1922.*
[Received September 20.]

SIR: We are in receipt of advices from our representative in Tirana, Albania, that our endeavors to obtain the grant of an oil concession from this Government are being severely handicapped by opposition from various foreign interests and in particular by the activities of the Shell and Anglo–Persian Oil Companies.

In view of the importance to the United States of American control of foreign oil supplies, we understand the policy of the State Department is to offer encouragement to reputable American Companies competing against foreign interests for an oil concession under circumstances as stated above.

It would be of material assistance, and greatly appreciated by us, if the State Department would instruct the American Minister in Tirana to give us the fullest support which it permits its representatives to give in such cases.

We have [etc.]

SINCLAIR EXPLORATION COMPANY
By RODERIC CRANDALL

875.6363/29 : Telegram

The Acting Secretary of State to the Commissioner in Albania (Blake)

WASHINGTON, *September 22, 1922—6 p.m.*

8. Your September 14, 4 p.m.

(1) You should render all appropriate assistance to American Oil Companies and in case of competition between them be strictly impartial.

(2) Department advised by Sinclair Company of possible loan in connection with concession and has indicated its desire to be kept informed by them of developments.[8] This is in line with Department's policy of wishing to receive from American bankers pertinent information regarding foreign loan negotiations in order to have the opportunity to indicate whether objection is perceived thereto. For your confidential information, Department's attitude toward proposed loan would depend to a considerable extent upon whether for productive purposes. You may informally tell Sinclair representative that you presume his company will keep Department fully advised of pertinent facts regarding loan as well as concession.

(3) Telegraph briefly important developments, submitting details by despatch.

PHILLIPS

875.6363/29 : Telegram

The Secretary of State to the Commissioner in Albania (Blake)

WASHINGTON, *September 28, 1922—5 p.m.*

10. Sinclair Exploration Company reports that they are being severely handicapped in effort to obtain oil concession by the activities of the Shell and Anglo–Persian Oil Companies.

Telegraph briefly exact status of negotiations of these foreign interests. . . .

HUGHES

875.6363/31 : Telegram

The Commissioner in Albania (Blake) to the Secretary of State

TIRANA, *October 1, 1922—11 a.m.*

[Received October 3—7 : 08 p.m.]

With reference to the Department's telegram number 10, dated September 28, 5 p.m. Technical features of concession have [not?] been agreed upon but it is likely Albanian Cabinet will consider within a few days amount of the royalty to be exacted and if agree-

[8] Loan correspondence not printed.

ment is reached the matter will be sent immediately to Parliament for approval. The Government attaches as condition that the company to whom contract is awarded must undertake to provide a loan to Albania to be secured by production assigned to the State and Sinclair is the only company accepting this condition same having been rejected by the Anglo–Persian. Shell is inactive and no definite proposals have been made by other companies.

. . . . . .

BLAKE

875.6363/34 : Telegram

The Commissioner in Albania (Blake) to the Secretary of State

TIRANA, *October 29, 1922—7 p.m.*
[Received October 31—12:30 p.m.]

For Sinclair from Soper:

"Number 21. Terms of petroleum contract settled as follows: First, royalty 12½ plus payment cash bonus $100,000 within three months date ratification or alternatively royalty 13 per cent with no cash payments; second, time 75 years; third, exemption from all taxes except import duty on food; fourth, terms of the agreement three months date ratification, file bond for 20,000 guarantee can carry out obligations during period; fifth, obligation spend total of not less than $40,000 during a period of two years, total of not less than $200,000 during a period of next three years, total of not less than $750,000 during a period of next five years; sixth, selected lands for exploitation limited to total of 1,500 square miles as per first draft;[9] seventh, no free shares; eighth, Albanian citizens have the right of substitutions [*subscription?*] for 24 per cent shares; ninth, at end of 75 years all immovable property reverts to Government of Albania; tenth, all other essential terms remain unchanged. Have reached deadlock on loan. Albania Government demands loan $2,000,000 within six months. Government of Albania trying obtain loan from Anglo–Persian Oil Company."

BLAKE

875.6363/46

The Minister in Albania (Grant-Smith) to the Secretary of State

No. 6 TIRANA, *December 21, 1922.*
[Received January 18, 1923.]

SIR: I have the honor to report that Mr. Soper, representative of the Sinclair Oil Company is in receipt of a telegram to the effect

[9] Not printed.

that owing to present unfavorable conditions now reigning in the financial market in the United States with reference to the Balkans, Messrs. Blair & Company do not find it possible to negotiate a loan with the Government of Albania.

In view of the fact that the grant of a concession for prospecting for oil throughout the country has been made dependent upon the Sinclair Company's obtaining a loan for the State, Mr. Soper is now endeavoring to secure a postponement of the granting of any concession in that regard until March next when the National Assembly is expected to reconvene. In the meantime he is in hopes that the financial situation may have become so far ameliorated as to make it possible for his principals to authorize him to make a definite proposal for a loan.

Mr. Gallagher of the Standard Oil Company of New York has returned to Tirana and expects the early arrival of his chief Mr. Sheffield, thus placing two American groups in the field of competition.

The Anglo–Persian agents continue to be active and M. Jaquet a geologist, accompanying M. Justin Godart, the author of a well known Albanophile work and who in consequence is in high favor here, has arrived from Paris, who, I am informed, is endeavoring to secure an oil concession for a limited area near Valona.

Now that the Sinclair Company finds itself all but deprived of the persuasive influence of a prospective loan the contest obviously resolves itself into a question of which group will offer the most generous terms. The element of personal influence is also of much importance here, as in all countries of this category and for the moment M. Jaquet, supported by M. Godart, would seem to enjoy the rosiest prospects provided, of course, his offers do not fall too strikingly below those of his competitors.

I have suggested to Mr. Soper and Mr. Gallagher that they might point out, in addition to the political aspect, the eventual advantages which would accrue to Albania through interesting American capital at the outset because, immediately oil is discovered in commercial quantities loans would be forthcoming and that they could obviously be negotiated to better advantage and in larger proportions in a country which was not burdened with debt but whose bankers were seeking well secured investments, especially in countries where their capital was already engaged.

I have [etc.] U. Grant-Smith

875.6363/45

The Minister in Albania (Grant-Smith) to the Secretary of State

No. 7 TIRANA, *December 22, 1922.*

[Received January 18, 1923.]

SIR: Adverting to my despatch Number 6 of the 21st instant I have the honor to report that Mr. E. K. Soper, representing the Sinclair Oil Company in Albania, informs me that he has advised the Prime Minister, Ahmet Bey Zogu, of his intention shortly to return to New York; that it was not the intention of his Company to quit the field but he was being recalled for the purpose of going more fully into the question of the proposed loan and that he expected to return to Tirana in time for the reopening of the National Assembly in March when he expected to be in a position to make definite proposals for a loan.

Ahmet Bey thereupon assured him that no concession would be submitted to the National Assembly before the Spring session. This will afford the Sinclair Company time to either take advantage of a turn in the American financial market favorable to investments in eastern Europe or to arrange a loan themselves should the prospects of discovering petroleum in commercial quantities in Albania appear to them sufficiently alluring.

I have [etc.] U. GRANT-SMITH

ARGENTINA

PRESENTATION OF LETTER OF CREDENCE TO PRESIDENT IRIGOYEN BY THE AMERICAN SPECIAL REPRESENTATIVE AT THE INAUGURATION OF PRESIDENT-ELECT ALVEAR

835.00/308 : Telegram

The Secretary of State to the Ambassador in Argentina (Riddle)

WASHINGTON, *September 26, 1922—5 p.m.*

49. President has issued following letter:

"To His Excellency, Senor Doctor Marcelo T. de Alvear, President-elect of Argentina, Great and Good Friend: Desiring to give evidence of my appreciation of the cordial relations existing between the United States and Argentina, as well as of the friendship and good will which I entertain for Your Excellency, I have named John W. Riddle, Ambassador Extraordinary and Plenipotentiary of the United States to Argentina, to be my special representative, with the rank of Ambassador, at the ceremonies incident to the induction of Your Excellency on October 12, 1922, into the high office of President of Argentina.

I have entire confidence that he will render himself acceptable to Your Excellency in the distinguished duty with which I have invested him. I therefore request Your Excellency to receive him favorably and to accept from him the assurances of the high regard and friendship entertained for Your Excellency and the Government and people of Argentina by the Government and people of the United States, and the sincere felicitations which they and I, in their name and personally, tender Your Excellency on this auspicious occasion. Your Good Friend: Warren G. Harding. By the President: William Phillips, Acting Secretary of State. Washington, September 21, 1922."

Send copy to Minister for Foreign Affairs requesting acceptance in lieu of autographed letter impossible to reach you in time but which will go to you first pouch.

HUGHES

835.00/309 : Telegram

The Ambassador in Argentina (Riddle) to the Secretary of State

BUENOS AIRES, *September 29, 1922—noon.*

[Received 3:20 p. m.]

61. Your 49, September 26, 5 p. m. Argentine Foreign Office states that the President's letter appointing me special representative at

the inauguration ceremonies of President-elect Alvear should be addressed to President Irigoyen and requests that letter be corrected accordingly. Please instruct.

RIDDLE

835.00/309 : Telegram

The Secretary of State to the Ambassador in Argentina (Riddle)

WASHINGTON, *September 30, 1922—5 p. m.*

51. Your 61, September 29, noon.

As it will be the new president who will receive you as President's special representative and the letter is to be handed by you to him, the Department thinks it is properly addressed to him. This corresponds to course taken in case of President Wilson's special representative at the inauguration of present president of Chile, which was not questioned, and credences of special representatives of Latin American Governments to President Harding's inauguration, although antedating the event, were addressed to him and not to President Wilson.

HUGHES

835.00/310 : Telegram

The Ambassador in Argentina (Riddle) to the Secretary of State

BUENOS AIRES, *October 1, 1922—4 p. m.*

[Received 4:50 p. m.]

63. Department's 51, September 30, 5 p. m. As special ambassadors are to be received by President Irigoyen to whom letters of credence will be presented 2 or 3 days prior to date of inauguration the Argentine Government desires that procedure be uniform in all cases and that letters be addressed to him.

RIDDLE

835.00/310 : Telegram

The Secretary of State to the Ambassador in Argentina (Riddle)

WASHINGTON, *October 5, 1922—4 p. m.*

53. Your 63, October 1, 4 p. m.

In deference to wish of Minister for Foreign Affairs, substitute following for letter previously cabled addressed to President-elect:

"Warren G. Harding, President of the United States of America. To His Excellency Señor Doctor Hipolito Irigoyen, President of Argentina. Great and Good Friend: Desiring to give evidence of my appreciation of the cordial relations existing between the United

States and Argentina, as well as of the friendship and good will which I entertain for His Excellency Señor Doctor Marcelo T. de Alvear, President-elect of Argentina, I have named John W. Riddle, Ambassador Extraordinary and Plenipotentiary of the United States to Argentina, as my special representative, with the rank of Ambassador, at the ceremonies incident to the induction of His Excellency on October 12, 1922, into the high office of President of Argentina.

I therefore request that he may be received favorably for this distinguished duty, and that Your Excellency will accept from him the assurances of the high regard and friendship which I and the Government and people of the United States entertain for Your Excellency and the Government and people of Argentina. Your Good Friend, Warren G. Harding. By the President: Charles E. Hughes, Secretary of State. Washington, October 3, 1922."

Autographed letter in next pouch. President will send telegram of felicitation to new President on October 12.[1]

HUGHES

[1] Telegram not printed.

AUSTRIA

MEASURES TAKEN TO SUSPEND FINANCIAL CLAIMS AGAINST AUSTRIA BY THE UNITED STATES AND OTHER CREDITOR NATIONS

863.51/236 a

The Secretary of State to the Chargé in Austria (Frazier)

No. 441 WASHINGTON, *February 10, 1922.*

SIR: The receipt is acknowledged of your despatch number 442, dated December 19 [*13*], 1921,[1] and your telegram number 3, dated January 9, 1922,[1] which have been read with interest.

In further reference to the status of the proposed plan for Austrian relief which seems to be so generally misunderstood and as it would appear that several of the interested Powers are endeavoring to place the blame for the failure of this plan on the United States, the Department considers it advisable to give you the latest information at its disposition in regard to the attitude of all the interested European Powers concerning the proposed plan of the League of Nations for the economic rehabilitation of Austria.

At the Supreme Council, London, March 17, 1921, the British Minister announced that England would be willing to postpone all her claims against Austria for a period of twenty years.

At this session of the Supreme Council, France also agreed to defer its claims against Austria under the same conditions as Great Britain.

The Italian representative at this session, while approving the general plan for Austrian relief, made several reservations, and further stated on behalf of the Italian Government that a definite decision could not be taken at that time. After various discussions in subsequent sessions of the Ambassadors Council, the Italian Government finally announced that it would in no case assent to the plan unless all the interested Powers including the United States assented. At the meeting of the Ambassadors Council of August 17, the Italian Ambassador announced that this condition would be waived and that Italy would give her assent to the plan provided the other Allied Powers allotted Italy a block of " C " series German reparation bonds, in compensation for her general reparation claims

[1] Not printed.

against Austria, and further, that the other Allied Powers give their assent to the Italian proposal to set off the costs of the Italian Army of Occupation in Austria against the payments which Italy was bound to make on account of reparations for Austrian public property in the Austrian territory ceded to Italy.

This proposal of the Italian Government on the acceptance of which depended Italy's assent to the plan for Austrian relief was referred by the Ambassadors Council to the Conference of Allied Finance Ministers, together with various other inter-allied financial arrangements concerning Belgian priorities, et cetera. The Council of Inter-allied Finance Ministers agreed to the arrangements submitted, with the exception of M. Doumer, the French Finance Minister, and the Japanese representative, both of whom accepted, under the reservation of approval of their Governments.

It is understood that the assent of the Japanese Government has been received but the assent of the French Government has never been given. The situation is, therefore, curiously involved.

Both Italy and France state that they have given their assent to the plan for Austrian relief, whereas, actually the Italian assent cannot be effective until the complicated proposals of the Italian Government are accepted by France, and, up to the present time, there is no indication that France will accept these proposals. Even, therefore, if all the other Powers had assented, no progress could be made until the Franco-Italian difficulty is straightened out.

It would appear, therefore, that the repeated statements of both the Italian and French Foreign Offices, that their Governments had given their unconditional assent to the plan, are not of much practical value.

Switzerland's claims against Austria are only for relief credits advanced since the Armistice, aggregating about twenty million Swiss francs, and the Swiss Government has received parliamentary authorization to defer these claims against Austria for twenty years.

It is understood that the Dutch Government has received authority to defer its relief credit advances for twenty years.

Norway and Sweden have announced that they take a favorable view of the proposed plan, and will endeavor to secure parliamentary authorization to postpone their claims for twenty years; but their assent is subject to parliamentary approval which has not yet been given.

No advices have been received in regard to the attitude of the Danish Government, but it is unofficially understood that the Danish Government approves of the plan although no definite action has been taken.

Czechoslovakia has announced her unconditional assent to the proposed plan, but the possible Czech claims are very small.

The attitude of the Yugoslav Government is very doubtful, and it is understood that the possible assent of Yugoslavia depends on the granting of several concessions by the Principal Allied Powers in regard to both the liberation bonds and the payment for properties of the former Austrian and Hungarian Government in its territory. From the information at the disposition of the Department, it would appear that the Yugoslav Government wishes to postpone all payments to the Allied Powers on these two accounts for the same period that its claims against Austria are deferred. Under these circumstances, it would seem that the assent of the Yugoslav Government to the proposed plan is extremely doubtful.

The Roumanian Government has not assented to the plan. No information is available which would tend to show that the Roumanian Government views this plan with favor.

The assent of the Greek Government has not been obtained and there are no indications of its attitude.

You are requested to inform the Department promptly in the case that any of the foregoing information is not in accordance with your understanding of the facts and the Department would be glad to receive any information you may be able to obtain confirming or modifying the foregoing.

You are authorized to make such discreet use of the foregoing information as you may deem expedient in informal conversations with the Austrian Foreign Office and you are requested to keep the Department fully informed of any further developments.

I am [etc.]

For the Secretary of State:
F. M. Dearing

863.51/251

The Austrian Chargé (Prochnik) to the Secretary of State

The Charge d'Affaires of Austria presents his compliments to His Excellency, the Secretary of State, and has the honor to solicit his kind intermediary with a view of having brought to the attention of the Commission to be appointed by the President under Act of Congress ddo. February 9th, 1922, No. 139,[2] the urgent necessity of an action, authorizing the Government of the United States to defer a lien hereafter specified which constitutes a first charge on the General Assets of the Republic of Austria.

To relieve the distress prevailing in Austria in the year 1920, the Government of the United States, by authority of an Act of the

[2] 42 Stat. 363.

66th Congress ddo. March 30th, 1920,[3] extended to said Republic, through the United States Grain Corporation, in way of Relief, a food credit to the amount of $24,000,000.—, maturing with 6% interest on January 21st 1925.

At the time of the grant of this Credit no special securities were asked for by the United States, nor offered by the Republic of Austria. In due course, however, when through a decision of the Reparations Commission, based on Article 197 of the Peace Treaty of St. Germain, claims of various countries against Austria, arising partly from a title of reparation, partly from a title of relief, were secured on the Republic's General Assets and Revenues, the United States likewise obtained for the aforespecified loan Relief-Credit-Bonds (Series B) establishing a special lien on the General Assets of the said Commonwealth.

In the meantime, conditions in Austria grew worse from month to month, owing chiefly to the fact, that the whole economic structure of the newly formed Republic could not, in a short time and without outside assistance, rearrange itself to the changed conditions created by the terms of the Peace Treaty. Realizing these facts, the Principal Allied Powers, anxious to bring about a reconstruction of the economic position of Austria, and to safeguard the maintenance of her existence as an independent Commonwealth, agreed upon a plan, by which in all probability the new Republic could secure that outside financial aid generally believed indispensable for her preservation.

Under the auspices of the League of Nations a Finance Committee was appointed, which proposed to the various bond-holding powers a deferment of their claims for a period of at least 20 years, in order to enable Austria to use her assets as collateral for a loan to be contracted on a scale sufficiently large to rearrange her whole economic structure, to increase her productive power, and to bring about more normal conditions in her Balance of Trade and Budget. Until then, Austria is compelled to obtain the greater portion of her foodsupplies by purchase on foreign markets, without being able to offset in a halfways normal degree, by an adequate production and export, the great liabilities thus incurred. This abnormal state of her Trade-Balance is in particular responsible for the incessant depreciation of her Currency, which causes ever widening circles of the Austrian population to be drawn to a point where the possibilities of the very existence, even under most modest and scanty circumstances, cease. The Austrian Government is vainly straining its efforts to stem this downward move as long as the means are not forthcoming, which would enable the organisation of a permanent

[3] 41 Stat. 548.

relief in place of merely transitory measures. Vast sums were expended in instalments, merely to tide over critical periods of threatening famine. Although these sums were obtained under the greatest difficulties they had hardly any visible effects on the amelioration of general conditions, but aggravated still more the chaotic state of Austrian currency. The Austrian Government is anxious to lead the nation out of an economic period marked by unproductiveness and excessive consume, and for this reason seeks a loan to be secured on the Country's considerable assets, the proceeds of which are intended to be used in turning the country's natural resources to greater account, to stabilize the Currency, and to increase in general the Republic's productive powers. Only with speedy help from outside could this be effected, and the descending curve depicting the course of Austria's economics brought to a point where it would gradually but constantly turn into an ascending line.

As Austria is compelled to secure this outside assistance through her own efforts, and to offer in way of security her assets still incumbered by aforementioned liens, its Government prays the Government of the United States to defer the American claim against those assets.

The Charge d'Affaires of Austria conveying herewith his Government's above request to the kind attention of His Excellency, the Secretary of State, begs to impress the necessity of speedy action, and to voice the expression of grateful appreciation for the sympathy and interest manifested by the People of the United States and its Government in the Fate of his country.

WASHINGTON, *February 23, 1922.*

863.51/251

The Secretary of State to the Austrian Chargé (Prochnik)

WASHINGTON, *April 13, 1922.*

SIR: I beg to acknowledge the receipt of your note of February 23, 1922, and to refer to previous conversations between us in regard to the proposals which have been made to this Government with a view to the postponement of the claims of the United States against Austria.

You will doubtless recall that in our various conversations on this subject, I stated that no legal authority existed whereby this Government could take any action with regard to the above mentioned request, but I now take pleasure in informing you that the following Resolution has been passed by Congress and signed by the President which will enable this Government, under certain conditions therein set forth, to meet the request of your Government and the various

other Governments which have addressed similar requests to this Government:

"JOINT RESOLUTION

Authorizing the extension, for a period of not to exceed twenty-five years, of the time for the payment of the principal and interest of the debt incurred by Austria for the purchase of flour from the United States Grain Corporation, and for other purposes.

Whereas the economic structure of Austria is approaching collapse and great numbers of the people of Austria are, in consequence, in imminent danger of starvation and threatened by diseases growing out of extreme privation and starvation; and

Whereas this Government wishes to cooperate in relieving Austria from the immediate burden created by her outstanding debts:

Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is hereby authorized to extend, for a period not to exceed twenty-five years, the time of payment of the principal and interest of the debt incurred by Austria for the purchase of flour from the United States Grain Corporation, and to release Austrian assets pledged for the payment of such loan, in whole or in part, as may in the judgment of the Secretary of the Treasury be necessary for the accomplishment of the purposes of this resolution: *Provided, however*, That substantially all the other creditor nations, to wit: Czechoslovakia, Denmark, France, Great Britain, Greece, Holland, Italy, Norway, Rumania, Sweden, Switzerland, and Yugoslavia shall take action with regard to their respective claims against Austria similar to that herein set forth. The Secretary of the Treasury shall be authorized to decide when this proviso has been substantially complied with.

Passed the Senate March 9 (calendar day, March 15), 1922." [4]

I would particularly call your attention to the last paragraph of this Resolution, providing for the assent of substantially all the other creditor nations and I am awaiting information whether the creditor nations therein referred to are prepared to take the necessary action, in order that I may inform the Secretary of the Treasury that the terms of the Resolution have been substantially complied with and that this Government may be in a position to take appropriate action.

Accept [etc.] CHARLES E. HUGHES

863.51/320

The Austrian Chargé (Prochnik) to the Secretary of State

No. 949 WASHINGTON, *May 2, 1922.*

EXCELLENCY: I have the honor to notify Your Excellency that I have received instructions to convey to the Government and People

[4] Pub. Res., No. 46, 67th Cong., approved Apr. 6, 1922 (42 Stat. 491).

of the United States the expression of gratitude, with which the People of the Austrian Republic and their Government acknowledged the passing of a Joint Resolution relating to deferment of certain liens held by the United States against Austria, and the signing of this Act by the President of the United States.

The Austrian Government, having on this occasion previously voiced the gratitude of the Austrian Nation to the Chargé d'Affaires of the United States in Vienna, lays great stress upon having the Government and People of the United States assured of the great appreciation and value placed by whole Austria on this magnanimous action, as the benevolent spirit manifested by the Government and Congress of the United States in connection therewith, will undoubtedly have a very favorable influence on the further development of the country's economics and finances.

In taking pleasure [etc.] EDGAR PROCHNIK

462.00 R 29/1777a : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, *June 16, 1922—7 p.m.*

187. Press reports state Council of Ambassadors has sent pleas to interested Governments, urging suspension of claims against Austria.

At your discretion, you may make known the willingness of this Government to act in this matter as soon as possible under the Joint Resolution, approved April 6, and that it is waiting only for assurance that other nations are willing to suspend their claims. At the same time, you may express the hope that all creditor nations will display a similar spirit of cooperation with the view to action which will afford definite relief to Austria. Austrian Government has been informed concerning our attitude.

HUGHES

463.00 R 29/118 : Telegram

The Chargé in France (Whitehouse) to the Secretary of State

PARIS, *August 7, 1922—4 p.m.*
[Received August 11—12 : 28 a.m.]

311. [From Logan[5]] B–732.

1. Commission[6] today approved textual Austrian law July 24 creating Austrian bank [of] issue and released for twenty years

[5] Col. James A. Logan, Jr., assistant American representative on the Reparation Commission.
[6] Reparation Commission.

revenues from customs, salt mines and forests and domains in guarantee this bank. Decision substantially unanimous with exception Italian approval being subject ratification Italian Parliament and abstention of Servian delegate communicated through common delegate with explicit request abstention not to be considered as negative vote but entirely due absence instructions from Government.

2d. Commission in view extreme urgency of situation has formally brought both all [*sic*] Allied and neutral governments holders Austrian relief bonds series B to effect:

"Commission understands unofficially all governments prepared suspend their claims under relief bonds to the extent necessary realization plan for new Austrian bank [of] issue, therefore Commission assumes action it has taken with a view to best interest Austria and creditors will be approved. Situation one of great urgency. Commission suggests government[s] communicate their regrets [*decision?*] at earliest possible moment direct to Austrian Government, trusting reply being agreement its decision."

Schuller states Austrian Finance Minister able to meet running expenses to 7th providing operation new bank assured by that date. Government plans beginning underwriting Monday August 7 and estimates time needed complete operation four weeks. If delayed Finance Minister obliged to demand appropriation current expenses which will mean recourse to printing. Government accordance announced decision has stopped printing, therefore consequences new issue now for whatever purpose held prejudicial restoration confidence and would seriously jeopardize bank venture.

I suggest Boyden [7] be consulted. Request Department advise action taken to permit reply to Commission.

Copy this cable sent American Legation Vienna. Logan.

WHITEHOUSE

463.00 R 29/118 : Telegram

The Acting Secretary of State to the Minister in Austria (Washburn)

WASHINGTON, *August 23, 1922—5 p.m.*

36. Logan's B–732, August 7, 4 p.m.[8]

Inform Austrian Government that this Government has noted the action taken by the Reparations Commission on August 7, and is prepared, within limits of Public Resolution number 46, April 6, last,[9] to suspend priorities to the extent necessary for realization of new Austrian Bank of Issue.

PHILLIPS

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[7] Roland W. Boyden, American representative on the Reparation Commission.
[8] Transmitted in telegram from the Chargé in France, no. 311, Aug. 7, *supra*.
[9] Text quoted in note of Apr. 13, to the Austrian Chargé, p. 617.

463.00 R 29/136

The Minister in Austria (Washburn) to the Secretary of State

No. 64 VIENNA, *October 12, 1922.*

[Received November 6.]

SIR: Referring to the Department's telegram No. 36, August 23, 1922, 5 p.m. I have the honor to report that the Federal Minister for Foreign Affairs has asked me to lay before my Government the request of the Austrian Government to release within the terms of Public Resolution No. 46 of April 6th, last, the Austrian assets pledged as therein referred to, in order that, so far as available, they may be utilized as security for the proposed external loan contemplated by the Geneva Agreement of October 4, 1922.[10] . . .

. . . . . .

I have [etc.] ALBERT H. WASHBURN

463.00 R 29/138 : Telegram

The Secretary of State to the Minister in Austria (Washburn)

WASHINGTON, *December 23, 1922—1 p.m.*

45. Your despatch, number 64, October 12, 1922.

Inform Austrian Government that this Government is prepared, within the limits of Public Resolution Number 46, April 6 last, to suspend priorities to the extent necessary for the realization of the proposed external loan contemplated by the Geneva agreement of October 4, 1922.

HUGHES

REVIVAL OF THE EXTRADITION CONVENTION OF JULY 3, 1856, BETWEEN THE UNITED STATES AND THE FORMER AUSTRO-HUNGARIAN MONARCHY

211.63/7a : Telegram

The Secretary of State to the Chargé in Austria (Frazier)

WASHINGTON, *May 4, 1922—6 p.m.*

27. The Department desires you to address a note to the Foreign Office as follows:

"The benefits of Article 241 of the Treaty of Saint Germain[11] relating to the revival of bilateral treaties or conventions made with the former Austro-Hungarian Monarchy by nations described in that Treaty as the Allied and Associated Powers are among those secured to the United States by the Treaty with Austria signed on

[10] Great Britain, Cmd. 1765, Austria No. 1 (1922).

[11] For text of treaty, see Malloy, *Treaties*, 1910–1923, vol. III, p. 3149.

August 24, 1921,[12] to establish securely friendly relations between the two nations. According to paragraph (5) of Article II of that Treaty, the period of time, namely, six months within which the United States is privileged to revive any bilateral treaty or convention concluded with the former Austro-Hungarian Monarchy began to run from the date of the coming into force of the Treaty, that is, on November 8, 1921, the date on which ratifications of the Treaty were exchanged.

The Government of the United States desires to revive the Extradition Convention, concluded on July 3, 1856, between the United States and the former Austro-Hungarian Monarchy. By direction of my Government, I have the honor to give in its behalf to the Government of Austria the official notification contemplated by Article 241 of the Treaty of Saint Germain to revive this Extradition Convention. According to the terms of that Article, the revival will take place on this date."

You will please have this note delivered to the Foreign Office on the date which the note bears in order that there may be no doubt as to the date on which the Convention is revived, and you will telegraph the Department the date of the note in which you make notification, which you will observe must be given before May 8, 1922.

HUGHES

211.63/9 : Telegram

The Chargé in Austria (Frazier) to the Secretary of State

VIENNA, *May 12, 1922—10 a.m.*
[Received May 15—2:30 p.m.]

32. Department's telegram 28 May 10, 6 p.m.[13]

My note was dated May 6th, 1922, and I delivered same at the Foreign Office that afternoon four hours after receipt of Department's telegram 27, May 4, 6 p.m. I am in receipt of a note from the Minister of Foreign Affairs dated May 6th acknowledging receipt of my note referred to.

FRAZIER

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[12] For text of treaty, see *Foreign Relations*, 1921, vol. I, p. 274.
[13] Not printed.

BELGIUM

NEGOTIATIONS TO ENSURE BY TREATY THE RIGHTS OF THE UNITED STATES IN TERRITORIES UNDER BELGIAN MANDATE[1]

862S.01/5 : Telegram

The Secretary of State to the Ambassador in Belgium (Whitlock)

WASHINGTON, *September 7, 1921—5 p.m.*

39. Herrick has been instructed to repeat to you Department's memorandum on A and B mandates.[2] On receipt of his telegram please transmit immediately to Foreign Office for its information text of memorandum.

HUGHES

862S.01/7

The Chargé in Belgium (Wadsworth) to the Secretary of State

No. 1442 BRUSSELS, *February 15, 1922.*

[Received March 4.]

SIR: Referring to the Department's telegram No. 39, September 7th, 5 p.m., relative to the Memorandum on "A" and "B" mandates, instructing the Embassy to transmit the text of the Memorandum to the Minister of Foreign Affairs, I have the honor to inform the Department that I am advised by the Minister of Foreign Affairs that the Belgian government entirely shares the views of the French government with regard to the Mandates as expressed in a note handed on December 22, 1921, to the American Ambassador in Paris by the French government,[3] and in consequence submit the proposals contained in a note from the Foreign Office, a copy of which I beg to enclose herewith, together with a translation in triplicate and also triplicate copies of the text of the Belgian draft of the Mandate on Ruanda and Urundi.

I have [etc.] CRAIG W. WADSWORTH

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[1] Text of the draft of the Belgian mandate for East Africa (League of Nations Document No. 135 regarding "B" Mandates) is printed in *Foreign Relations*, 1921, vol. I, p. 133. See also under France, "Negotiations to ensure recognition of the rights of the United States in territories under mandate", *ibid.*, pp. 922 ff. Cf. also correspondence with Great Britain relative to mandates, *ibid.*, vol. II, pp. 106 ff.

[2] For text of memorandum, see telegram no. 377, Aug. 7, 1921, to the Ambassador in France, *ibid.*, vol. I, p. 922.

[3] *Ibid.*, p. 925.

[Enclosure 1—Translation [4]]

The Belgian Minister for Foreign Affairs (Jaspar) to the American Chargé (Wadsworth)

BRUSSELS, *February 11, 1922.*

MR. CHARGÉ D'AFFAIRES: The Honourable Brand Whitlock was kind enough to communicate to the Government of the King, through my intermediary, a copy of a memorandum setting forth the American Government's views with regard to the draft mandates for Togoland and the Cameroons. The Government of the King has taken note of it with great interest.

The reply which the British Secretary of State for Foreign Affairs handed, under the date of December 22, 1921, to the Ambassador of the United States of America at London,[5] and which is, I believe, identical to the one remitted, on the same day, to the United States Ambassador at Paris by the French Government, was also communicated to the Government of the King.

The latter entirely shares the views expressed in that document.

In consequence, I have the honour to inform you of the following:

(1) The Government of the King is disposed, in order to meet the wish expressed in the American note regarding the extension to American citizens of the benefit of Article 7 of the Belgian mandate for Ruanda and Urundi, to give to the United States Government the guaranty that its nationals will enjoy, in every respect, within the mandate territory, the same rights and privileges as the states members of the League of Nations, on condition of course that they be subjected to the same obligations.

(2) The Government of the King is also ready to insert, after paragraph 3 of Article 7, a new paragraph reading as follows:

"Concessions having the character of a general monopoly will not be granted. This provision does not prejudice the mandatory's right to create fiscal monopolies, or, in certain cases, to carry out the development of the natural resources, either directly by the state or through the intermediary of an agency placed under its control, on condition that this will not result in the creation of a monopoly of the natural resources in favour of the mandatory."

(3) The Government of the King is also disposed to grant to the United States a guaranty similar to the one mentioned with respect to Article 7 with a view to ensuring to the United States missionaries in Ruanda and Urundi the same treatment as that of the missionaries of nations members of the League of Nations. Neither does it object to the following wording of Article 8:

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[4] File translation revised.

[5] *Foreign Relations*, 1921, vol. II, p. 111.

"On condition of conforming to the provisions of any local law relative to the maintenance of public order and good morals, the mandatory will ensure, throughout the whole territory, liberty of conscience and the free exercise of all forms of worship, and he will permit all missionaries, nationals of any state member of the League of Nations, to enter the territory, to travel and reside therein to the end that they may accomplish their mission, to acquire and possess property, to erect buildings for purposes of worship, and to open schools, provided that they conform to local laws."

(4) The Government of the United States has requested that the following words be added to paragraph 2 of Article 9 of the mandate for Togoland and the Cameroons, "provided that the measures adopted to that end do not infringe the provisions of this mandate", which appear in Article 10 of the British mandate for Tanganyika. The Government of the King will introduce the same modification in Article 9 [6] of its mandate.

(5) Finally, the Government of the United States has expressed the desire that any modification made in the text of the mandates be subject to the previous consent of the United States. The Government of the King readily consents to take such an engagement.

If the Government of the United States will be kind enough to signify its agreement on these various points, it will perhaps consider that the present letter and the reply to be made thereto will be sufficient to establish the respective will of the two Governments, and that the Government of the King will thus be able to pursue, in full agreement with the United States, the delivery to Belgium of the mandate for Ruanda and Urundi.

In order to facilitate the exchange of views on this subject, I think it proper to append to the present despatch the precise text of the Belgian draft of a mandate for Ruanda and Urundi. It is to that text that the numbers of the articles alluded to in the present note refer.

Please accept [etc.] HENRI JASPAR

[Enclosure 2—Translation [7]]

Draft Mandate for Ruanda and Urundi

PREAMBLE

THE COUNCIL OF THE LEAGUE OF NATIONS:

WHEREAS by Article 119 of the treaty of peace with Germany, signed at Versailles on June 28, 1919, Germany renounced in favor of the Principal Allied and Associated Powers all her rights over her oversea possessions, including German East Africa;

[6] Art. 10 in the accompanying draft mandate for Ruanda and Urundi.
[7] Supplied by the editor.

WHEREAS by an accord dated May 30, 1919, concluded between the British Empire and Belgium, it was agreed that Belgium shall exercise an administrative mandate over the part of German East Africa indicated below;

WHEREAS on August 21, 1919, the Principal Allied and Associated Powers unanimously accepted the accord concluded between the British Empire and Belgium;

WHEREAS His Majesty the King of the Belgians has accepted the mandate over the said territory and has undertaken to exercise it in the name of the League of Nations, in accordance with the following provisions:

THE COUNCIL OF THE LEAGUE OF NATIONS APPROVES THE FOLLOWING TERMS OF THE MANDATE:

ARTICLE 1

The territory over which a mandate is conferred upon His Majesty the King of the Belgians (hereinafter called the mandatory) comprises that part of the territory of German East Africa situated to the west of the following line.

From the point where the frontier between the Uganda Protectorate and German East Africa cuts the River Mavumba, a straight line in a southeasterly direction to the hill (point 1640) about 15 kilometers south-southwest of Mount Gabiro;

Thence, a straight line in a southerly direction to the north shore of Lake Mohazi, where it terminates at the confluence of a river situated about 2.5 kilometers west of the confluence of the River Msilala;

If the route of the railway on the west of the River Kagera between Bugufi and Uganda approaches within 16 kilometers of the line defined above, the boundary will be carried to the west, following a minimum distance of 16 kilometers from the route, without, however, passing to the west of the straight line joining the terminal point on Lake Mohazi and the top of Mount Kivisa (point 2100), situated on the Uganda-German East Africa frontier about 5 kilometers southwest of the point where the River Mavumba cuts this frontier;

Thence a line southeastwards to meet the southern shore of Lake Mohazi;

Thence the watershed between the Taruka and the Mkarange Rivers and continuing southwards to the northeastern end of Lake Mugesera;

Thence the median line of this lake and continuing southwards across Lake Ssake to meet the Kagera;

Thence the course of the Kagera downstream to meet the western boundary of Bugufi;

Thence this boundary to its junction with the eastern boundary of Urundi;

Thence the eastern and southern boundary of Urundi to Lake Tanganyika.

The new Anglo-Belgian boundary, as described above, is indicated on the annexed English map,[8] on a scale of 1:1,000,000 G.S.G.S. 2932.

The boundaries of Bugufi and Urundi are traced as indicated in the *Deutscher Kolonialatlas* (Dietrich Reimer), scale 1:1,000,000, dated 1906.

In view of the insufficient geographical knowledge of this district, a definitive description of its boundaries shall be made by a boundary commission after they have been delimited on the ground.

ARTICLE 2

A Boundary Commission shall be appointed by His Majesty the King of the Belgians and His Britannic Majesty to trace on the spot the boundary line described in Article 1 above.

In case any dispute should arise in connection with the work of these Commissioners, the question shall be referred to the Council of the League of Nations, whose decision shall be final.

The final report by the Boundary Commission shall give the precise description of this boundary as actually determined on the ground; the maps signed by the Commission shall be annexed thereto. The report with its annexes shall be made in triplicate. One of the originals shall be deposited in the archives of the League of Nations, one shall be kept by the Government of His Majesty the King of the Belgians, and one by the Government of His Britannic Majesty.

ARTICLE 3

The mandatory shall be responsible for the peace, order and good government of the territory, and shall promote to the utmost the material and moral well-being as well as the social progress of the inhabitants.

ARTICLE 4

The mandatory undertakes not to establish in the territory any military or naval bases, nor to erect any fortification, nor to organize any native military force, except for local police purposes and for the defense of the territory.

ARTICLE 5

The mandatory:

(1) shall provide for the eventual emancipation of all slaves and

[8] Not found in Department files.

for as speedy an elimination of domestic and other slavery as social conditions will allow;

(2) shall suppress all forms of slave trade;

(3) shall prohibit all forms of forced or compulsory labor, except for public works and essential services and then only in return for adequate remuneration;

(4) shall protect the natives against fraud and force by careful supervision of labor contracts and the recruiting of labor;

(5) shall exercise a strict control over the traffic in arms and ammunition and the sale of spirituous liquors.

ARTICLE 6

In the framing of laws relating to the holding and transfer of land, the mandatory undertakes to take into consideration native laws and customs, and to respect the rights and safeguard the rights and safeguard the interests of the native population.

No native land may be transferred, except between natives, without the previous consent of the public authorities. No real rights over native land may be created except with the same consent.

The mandatory will promulgate strict regulations against usury.

ARTICLE 7

The mandatory undertakes to secure to all citizens of states members of the League of Nations the same rights as are enjoyed by his own nationals, in respect of entry into and residence in the territory, the protection afforded to their person and property, the acquisition of personal and real property, and the exercise of their profession or trade, subject only to the requirements of public order and on condition of compliance with the local law.

Further, the mandatory undertakes to insure to all citizens and subjects of states members of the League of Nations, on the same footing as to his own nationals, freedom of transit and navigation and complete economic, commercial and industrial equality, provided that the mandatory shall be free to organize public works and essential services on such terms and conditions as he thinks just.

Concessions for the development of the natural resources of the territory shall be granted by the mandatory without distinction on grounds of nationality between the citizens and subjects of states members of the League of Nations, subject only to the requirements of public order and on condition of compliance with the local law.

ARTICLE 8

Subject to regulations relating to the maintenance of public order and morality, the mandatory shall insure throughout the territory

freedom of conscience and the free exercise of all forms of worship and shall give to all missionaries, citizens or subjects of any member of the League, freedom to enter the territory and to travel and reside therein for the discharge of their ministry.

ARTICLE 9

The mandatory shall apply to the territory any general international conventions applicable to contiguous territories.

ARTICLE 10

The mandatory shall have full powers of administration or legislation in the area subject to the mandate; this area may be administered in accordance with the laws of the mandatory as an integral part of his territory and subject to the following provisions:

The mandatory shall therefore be at liberty to apply his laws to the territory under the mandate subject to the modifications required by local conditions and to constitute the territory into a customs, fiscal and administrative union or federation with the adjacent possessions under his own sovereignty or control.

ARTICLE 11

The mandatory shall make to the Council of the League of Nations an annual report. This report shall contain full information concerning the measures taken to fulfill the obligations mentioned in the preceding articles.

ARTICLE 12

The consent of the Council of the League of Nations is required for any modification of the terms of this mandate; however, in the case of modifications proposed by the mandatory, such approval may be given by a majority vote of the Council.

ARTICLE 13

If any dispute should arise between the members of the League of Nations relating to the interpretation or the application of the present mandate, and if such dispute cannot be settled by negotiations, it shall be submitted to the Permanent Court of International Justice provided for by Article 14 of the Covenant of the League of Nations. The present copy shall be deposited in the archives of the League of Nations; certified true copies thereof shall be communicated by the Secretary-General of the League of Nations to all members of the League.

862S.01/7 : Telegram

The Secretary of State to the Ambassador in Belgium (Fletcher)

WASHINGTON, *April 6, 1922—1 p.m.*

20. Reference to your despatch No. 1442, of February 15, 1922. Please communicate the following textually to the Minister for Foreign Affairs at the earliest possible moment.

"I have the honor to refer to Your Excellency's communication of February 11, 1922,[9] on the subject of mandates. The suggestions of the Government of the United States regarding the terms of the various mandates were set forth in the memorandum handed to Your Excellency on (here insert date).[10] The position of my Government must necessarily remain as thus stated since the views advanced were confined to the purpose of safeguarding the interests of the United States and the fair and equal opportunities which it was believed the United States should enjoy in common with the other Powers.

The Government of the United States is gratified to note the cordial spirit with which the Government of the King has received the views of my Government. In view of this, my Government is convinced that there will be no difficulty or delay in the negotiation of a treaty embodying the assent, upon appropriate conditions, of the United States to the terms of the draft mandate for that part of East Africa under mandate to the King of the Belgians. As was explained in the memorandum of (here insert date), the right of the United States in the territories, to which Germany has renounced her title, could not be disposed of without the assent of my Government, and, for the reasons given in the memorandum, the appropriate manner of expressing this assent would be through a treaty. Such a treaty could recite the articles of the mandate setting forth the engagements of the Mandatory and should contain appropriate undertakings on the part of the Government of the King for the suitable protection of the rights and interests of the United States. This arrangement will, it is believed, obviate any objections such as those suggested by the British and French Governments in their notes of December 22, 1921, by reason of any obligations which the Allied Powers have assumed in the Treaty of Versailles with regard to Germany and with regard to one another.

The references below are to the numbered articles in the text of the draft mandate for the Belgian part of East Africa, a copy of which accompanied Your Excellency's note of February 11, in which draft the articles, after the second, are numbered differently as compared with those in the draft to which reference was made in the memorandum of (here insert date).

In this view, taking up the various points to which Your Excellency refers, it may be observed:

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[9] *Ante*, p. 624.

[10] There is no record in the Department of the date on which the Department's memorandum on "A" and "B" mandates was communicated to the Belgian Foreign Office. See telegram no. 39 to the Ambassador in Belgium, Sept. 7, 1921, p. 623.

(1) *Discrimination.* In the memorandum of (here insert date) allusion was made to the provisions for equal commercial opportunity in Article 7 of the Belgian Mandate for East Africa and attention was called to the fact that these provisions were not extended to the nationals of the United States. My Government does not desire to insist that the terms of the mandate itself, in its reference to States, members of the League of Nations, and their nationals, should be altered. It will be sufficient to recite the terms of Article 7 in the proposed treaty, with the further undertaking that the Government of the King will guarantee to the United States and its nationals the same freedom from discrimination that Article 7 of the mandate gives to the States, members of the League of Nations, and their nationals.

The treaty should contain a general provision that the United States and its nationals should have and enjoy the benefit of all the engagements of the King of the Belgians, defined in the mandate, notwithstanding the fact that the United States is not a member of the League of Nations.

(2) *Concessions.* With respect to the matter of monopolistic concessions, my Government is gratified to note that the Government of the King has evidently no intention of granting concessions having the character of a general monopoly in the territory in question, or of reserving such concessions to itself.

My Government, accordingly, is prepared to approve the insertion in the mandate after the third paragraph of Article 7, of the following paragraph, with a few changes for the purpose of clarity, so that it will read as follows: 'Concessions having the character of a general monopoly shall not be granted. This provision does not affect the right of the Mandatory to create monopolies of a purely fiscal character in the interest of the territory under mandate and in order to provide the territory with fiscal resources which seem best suited to the local requirements; or, in certain cases, to carry out the development of natural resources either directly by the State or by a controlled agency, provided that there shall result therefrom no monopoly of the natural resources for the benefit of the Mandatory or its nationals, directly or indirectly, or any preferential advantage which shall be inconsistent with the economic, commercial and industrial equality hereinbefore guaranteed.'

The changes above suggested are assumed, from the tenor of Your Excellency's note, to be in accord with the intentions entertained by the Government of the King.

It is to be understood, of course, that any existing legal rights of American citizens or companies in the Belgian mandate territory are fully respected and safeguarded and that the treaty will contain a suitable provision to this effect.

(3) *Missionaries and Religious Freedom.* My Government is pleased to note that the Government of the King is also ready to give to the United States, with respect to missionaries and religious freedom, a similar guarantee, as to equality of treatment, as is suggested with respect to Article 7. The Government of the King has proposed that the text of Article 8 of the mandate should read as follows: 'Subject to the provision of any local law for the maintenance of public order and public morals, the Mandatory shall insure in the territory freedom of conscience and the free exercise of all forms

of worship, and shall allow all missionaries, nationals of any State member of the League of Nations, to enter into, travel and reside in the territory for the purpose of prosecuting their calling, to acquire and possess property, to erect buildings, for religious purposes, and to open schools, provided that they conform to the local law.'

Upon the assumption that the treaty will contain an appropriate provision by which the engagements of the King of the Belgians as defined in the mandate will run to the United States and its nationals, notwithstanding the fact that the United States is not a member of the League of Nations, this provision is acceptable to my Government with the following qualification. My Government suggests that the last clause of the proposed provision, 'provided that they conform to the local law', may be omitted, as it appears to be superfluous, the entire clause being qualified by the opening clause, 'Subject to the provisions of any local law for the maintenance of public order and public morals'. If it is intended, by the insertion of the additional clause, to give any broader application of the local law than is the purport of the opening clause, the addition would appear to be objectionable as the local law in this respect should appropriately be limited to the maintenance of public order and public morals.

(4) *Administrative Unions, etc.* It is noted that the Government of the King has no objection to the suggestion which has been made by my Government that there should be added to Article 10 of the mandate the following words, corresponding to the provision of Article 10 of the British mandate for East Africa, to wit: 'provided always that the measures adopted to that end do not infringe the provisions of this mandate.' It is assumed that the reference in Your Excellency's communication to Article 9 of the Belgian mandate is intended to be to Article 10 of the draft which you enclosed.

(5) *Modification of Mandate.* My Government notes with pleasure that the Government of the King agrees that any modification of the terms of the mandate shall be subject to the previous consent of the United States.

(6) *Extradition.* It is assumed that the Government of the King will not object to a provision by which the extradition treaties between Belgium and the United States, pending the making of special extradition agreements, shall apply to the mandated territory in question.

(7) The Japanese Government has agreed to furnish a duplicate, not a copy, of its annual report which is to be submitted to the League of Nations on the administration of mandate territories. A provision to this effect is incorporated in the treaty between the United States and Japan relating to the mandated islands in the Pacific north of the equator and it is desired that a similar provision should be included in the treaty relating to the Belgian mandate for East Africa.

If the Government of the King is willing to meet the wishes of the United States with reference to the matters upon which concurrence has not already been indicated, the Government of the United States is prepared to enter immediately upon the negotiation of the necessary treaty.

Accept [etc.]"

HUGHES

862S.01/10

The Belgian Chargé (De Selys) to the Secretary of State

[Translation [12]]

WASHINGTON, *July 6, 1922.*

Mr. SECRETARY OF STATE: The Belgian, French and British Governments have agreed on the text intended to meet the suggestions offered by the Government of the United States of America in the matter of mandates. You will find herewith:

In the first place, the text of the draft of a mandate to be granted to Belgium over the Ruanda and Urundi territories as it stands after amendment.

In the second place, a draft of a convention to be signed between Belgium and the United States conferring upon the latter country, in the African territories placed under Belgian mandate, the same advantages as are enjoyed by the States members of the League of Nations.[13] This draft, also made in perfect agreement with the French and British Governments, meets the suggestions of the American Government.

The King's Government instructs me and I have the honor:

First, to deliver to Your Excellency a copy of the draft of the said mandate with a statement that it is this text which Belgium will ask the League of Nations to approve;

Second, to ask Your Excellency kindly to designate a plenipotentiary who will sign at Brussels the convention of which the draft is enclosed, if, as the King's Government has every reason to believe, the present draft is acceptable to the Government of the United States.

It would be a great advantage to have this question decided with as little delay as possible, as the Powers concerned would like to dispose of the whole matter of African mandates at the session of the Council of the League of Nations that will open on July 11th next, and I should be particularly obliged to Your Excellency, therefore, if you would kindly let me know, if possible, before that date what course your Government will have decided upon in this matter.

I take [etc.] FLORENT DE SELYS

[Enclosure—Translation [14]]

Amended Draft Mandate for Ruanda and Urundi

THE COUNCIL OF THE LEAGUE OF NATIONS:

WHEREAS by Article 119 of the treaty of peace with Germany, signed at Versailles on June 28, 1919, Germany renounced in favor

[12] File translation revised.

[13] Not printed; it is the same, *mutatis mutandis*, as the French draft of a treaty concerning the Cameroons, translation of which is printed in vol. II, p. 144.

[14] Supplied by the editor.

of the Principal Allied and Associated Powers all her rights over her oversea possessions, including German East Africa;

WHEREAS the Principal Allied and Associated Powers agreed, in accordance with Article 22, paragraph 1 (Covenant of the League of Nations), of the above-named treaty, to confer a mandate on His Majesty the King of the Belgians to administer a part of the former colony of German East Africa, and proposed to formulate the mandate in the following terms;

WHEREAS His Majesty the King of the Belgians has agreed to accept the mandate over the said territory and has undertaken to exercise it in the name of the League of Nations in accordance with the following provisions;

Hereby approves the terms of the said mandate as follows:

ARTICLE 1

The territory over which a mandate is conferred upon His Majesty the King of Belgians (hereinafter called the mandatory) comprises that part of the territory of the former colony of German East Africa situated to the west of the following line.

[Here follows the same description of the frontier as in the draft printed on page 625; but here is omitted the last paragraph of article 1 which appears in that draft.]

ARTICLE 2

[The same as in the draft printed on page 627.]

ARTICLE 3

[The same as in the draft printed on page 627.]

ARTICLE 4

[The same as in the draft printed on page 627.]

ARTICLE 5

[The same as in the draft printed on page 627.]

ARTICLE 6

In the framing of laws relating to the holding and transfer of land, the mandatory undertakes to take into consideration native laws and customs, and to respect the rights and safeguard the interests of the native population.

No native land may be transferred, except between natives, without the previous consent of the public authorities. No real rights

over native land in favor of non-natives may be created except with the same consent.

The mandatory will promulgate strict regulations against usury.

Article 7

The mandatory undertakes to secure to all citizens of states members of the League of Nations the same rights as are enjoyed by his own nationals, in respect of entry into and residence in the territory, the protection afforded to their person and property, the acquisition of property, movable and immovable, and the exercise of their profession or trade, subject only to the requirements of public order and on condition of compliance with the local law.

Further, the mandatory undertakes to insure to all citizens and subjects of states members of the League of Nations, on the same footing as to his own nationals, freedom of transit and navigation and complete economic, commercial and industrial equality, provided that the mandatory shall be free to organize public works and essential services on such terms and conditions as he thinks just.

Concessions for the development of the natural resources of the territory shall be granted by the mandatory without distinction on grounds of nationality between the citizens and subjects of states members of the League of Nations, but on such conditions as will maintain intact the authority of the local government.

Concessions having the character of a general monopoly shall not be granted. This provision does not affect the right of the mandatory to create monopolies of a purely fiscal character in the interest of the territory under mandate and in order to provide the territory with fiscal resources which seem best suited to the local requirements; or, in certain cases, to carry out the development of natural resources either directly by the state or by a controlled agency, provided that there shall result therefrom no monopoly of the natural resources for the benefit of the mandatory or his nationals, directly or indirectly, nor any preferential advantage which shall be inconsistent with the economic, commercial and industrial equality hereinbefore guaranteed.

The rights conferred by this article extend equally to companies and associations organized in accordance with the law of any of the members of the League of Nations, subject only to the requirements of public order, and on condition of compliance with the local law.

Article 8

Subject to the provisions of local laws relating to the maintenance of public order and morality, the mandatory shall insure, throughout the territory, freedom of conscience and the free exercise of all

forms of worship; and, subject to the control which would be necessary for the maintenance of a good administration, it shall give to all missionaries, citizens or subjects of any state member of the League of Nations, freedom to enter into the territory and to travel and reside therein for the discharge of their ministry, to acquire and possess property, to erect buildings for religious purposes and to open schools.

ARTICLE 9

[The same as in the draft printed on page 629.]

ARTICLE 10

The mandatory shall have full powers of administration and legislation in the area subject to the mandate; this area shall be administered in accordance with the laws of the mandatory as an integral part of his territory and subject to the preceding provisions.

The mandatory shall therefore be at liberty to apply his laws to the territory under the mandate subject to the modifications required by local conditions, and to constitute the territory into a customs, fiscal or administrative union or federation with the adjacent territories under his own sovereignty or control; provided always that the measures adopted to that end do not infringe the provisions of this mandate.

ARTICLE 11

The mandatory shall make to the Council of the League of Nations an annual report. This report shall contain full information concerning the measures taken to apply the provisions of the present mandate.

ARTICLE 12

The consent of the Council of the League of Nations is required for any modification of the terms of this mandate.

ARTICLE 13

If any dispute should arise between the members of the League of Nations relating to the interpretation or the application of the present mandate, and if such dispute cannot be settled by negotiations, it shall be submitted to the Permanent Court of International Justice provided for by Article 14 of the Covenant of the League of Nations.

The present copy shall be deposited in the archives of the League of Nations. Certified true copies thereof shall be communicated by the Secretary-General of the League of Nations to all members of the League.

862S.01/10

The Department of State to the Belgian Legation

MEMORANDUM

The Department of State has received from the Belgian Chargé d'Affaires at Washington, a note dated July 6, 1922, enclosing a draft treaty with respect to the Belgian mandate for that part of East Africa under mandate to the King of the Belgians, and the text of the proposed mandate.

It is stated in the note that the Government of the King desires the designation by the Government of the United States of a plenipotentiary to sign at Brussels the proposed Convention, and the Chargé d'Affaires calls attention to the urgency of reaching an agreement on the mandates for the territories in Africa so that these mandates may be submitted to the Council of the League of Nations at its next meeting on July 15.

[The remainder of this memorandum is the same, *mutatis mutandis*, as the memorandum of July 8 to the French Embassy, volume II, page 146, beginning with the second paragraph.]

WASHINGTON, *July 12, 1922.*

862S.01/13

The Belgian Chargé (De Selys) to the Acting Secretary of State

[Translation [15]]

WASHINGTON, *September 9, 1922.*

MR. ACTING SECRETARY OF STATE: Referring to the memorandum dated July 12th last which His Excellency, Mr. C. E. Hughes, was pleased to hand to me in person, I have the honor to inform you that the King's Government has concurred in all the suggestions presented to it by the Government of the United States in the matter of the draft of a treaty intended to secure the rights of the United States in the African territory placed under Belgian mandate.

Your Excellency will please find herewith in triplicate the French text of the draft accordingly remodeled,[16] but as you will notice the draft does not include the English text. The King's Government thought that the American Government would rather undertake the wording of that text itself.

However, three copies of the English text of that part of the mandate which must be given a place in the treaty are also enclosed.[16]

[15] File translation revised.
[16] Not printed.

Article 8 of the mandate does not textually reproduce the wording advocated by the Government of the United States,[17] but the said Government was probably informed that the text as finally approved by the Council of the League of Nations was previously submitted at the time of the session of the Council held at London in July last to an American delegate who accepted it. If in the draft submitted by France concerning Togoland and the Cameroons certain phrases should not agree in form with those in the present Belgian draft, the King's Government thinks that in order to avoid any divergence in interpretation it might be well to substitute these for its own and I am instructed to bring this to the notice of the American Government. This deals in particular with the parts that have been altered in order to meet the suggestions of the Government of the United States. Differences in the wording might indeed appear as the result of the translations made in Brussels and Paris.

When His Excellency, Mr. Hughes, handed to me the aforesaid memorandum of July 12th, he added that the text of it would also be communicated to the King's Government by the Ambassador of the United States at Brussels.

As His Excellency, Mr. Fletcher, has not yet delivered that document to the King's Government, the question arose whether the Government of the United States had desisted from that course and whether eventually this decision implied a desire that the treaty be signed in Washington rather than in Brussels.

Mr. Jaspar, Minister of Foreign Affairs, wishes me to inquire about this of Your Excellency, adding that he was at the command of the American Government. I shall be obliged to Your Excellency if you would kindly enable me to answer the inquiry.

I take [etc.] FLORENT DE SELYS

862S.01/15

The Belgian Chargé (De Selys) to the Secretary of State

[Translation]

WASHINGTON, *October 14, 1922.*

MR. SECRETARY OF STATE: Referring to my note of September 9th last addressed to the Acting Secretary of State, relative to the con-

[17] Art. 8, which alone fails to embody completely the suggestions of the American Government, reads, in the Embassy's translation, as follows:

"The mandatory shall ensure in the territory complete freedom of conscience and the free exercise of all forms of worship which are consonant with public order and morality; missionaries who are nationals of States Members of the League shall be free to enter the territory and to travel and reside therein, to acquire and possess property, to erect religious buildings and to open schools throughout the territory; it being understood, however, that the mandatory shall have the right to exercise such control as may be necessary for the maintenance of public order and good government, and to take all measures required for such control."

templated treaty for the guarantee of the rights of the United States in African territory put under Belgian mandate, I have the honor to inform Your Excellency that on September 20 last I had a conversation on the subject of the aforesaid note with the Chief of the Western Europe Division at the Department of State.

Mr. Castle called my attention to the fact that according to the reports received at the Department of State, His Excellency the Ambassador of the United States at Brussels had delivered on July 15 to the King's Government the American Government's memorandum of which Your Excellency was pleased to hand me a copy to give in person on July 12 last. He then brought to my attention a passage in my note dealing with an "American delegate" to the Council of the League of Nations.

The King's Government, to whom I communicated the remarks of Mr. Castle, has instructed me and I have the honor to bring the following to you by way of reply. This communication was telegraphed to me by Mr. Jaspar:

"His Excellency, Mr. Fletcher, did deliver in good course to the Government of the King the memorandum of the American Government dated July 12. Unfortunately it did not come to the knowledge of the proper Division on account of a physical error and that accounts for the mistaken statement in the letter of August 23 from that Division (reproduced in the letter from the Embassy addressed to the Department of State on September 9 last)—Kindly tender my apologies for that mistake to the Department of State.

"The information concerning the approval at London by an American Delegate of Article VIII of the Belgian mandate is also based on a mistake and a note has been delivered in that respect to His Excellency the Ambassador of the United States at Brussels."

I take [etc.] FLORENT DE SELYS

BOLIVIA

CONTRACT FOR A LOAN TO BOLIVIA BY AMERICAN BANKERS, MAY 31, 1922

824.51/93

Messrs. Curtis, Mallet-Prevost & Colt to the Secretary of State

NEW YORK, *March 27, 1922.*
[Received March 29.]

SIR: Stifel-Nicolaus Investment Company, Spencer Trask & Co., and The Equitable Trust Company of New York, for whom we are acting as counsel, contemplate the purchase of $19,000,000 of a new issue of bonds of the Republic of Bolivia of a total authorized issue of $33,000,000. $7,000,000 of the balance of the issue are to be issued in exchange for a like amount of bonds now outstanding and the remaining $7,000,000 are to be used for contemplated railroad improvements. This new issue is made in pursuance of the agreement between our clients and the Republic of Bolivia dated December 5, 1921,[1] providing for a temporary loan of $1,000,000, the details of which were submitted to your Department by a representative of our office before the execution of said contract. For your confidential information we hand you herewith the Proposal of the Bankers and the Financing Plan submitted by them to the Republic.[1]

As the proposed loan tends to assist American industry and to promote foreign trade, providing, as it does, for additional railway construction in the Republic of Bolivia and for the payment of obligations of the Republic now held by American citizens, our clients would be glad to know if the purchase by them of the issue above referred to meets with the approval of your Department and we respectfully request an expression of your views in this subject. As this matter is urgent we take the liberty of requesting an early reply and remain,

Very respectfully yours,

CURTIS, MALLET-PREVOST & COLT

824.51/93

The Secretary of State to Messrs. Curtis, Mallet-Prevost & Colt

WASHINGTON, *April 11, 1922.*

GENTLEMEN: The Department is in receipt of your letter of March 27, 1922, in which you state that Stifel-Nicolaus Investment Com-

[1] Not printed.

pany, Spencer Trask and Company, and The Equitable Trust Company, of New York, for whom you are acting as counsel, contemplate the purchase of an issue of bonds of the Republic of Bolivia.

It is noted that the letter of March 24,[2] which accompanied your letter of March 27, contains the following statement:

"The loan contract shall be submitted to the Secretary of State of the United States for his approval or for a statement by him that he perceives no objection thereto from the standpoint of the Department of State of the United States."

In this connection your attention is invited to the statement on the subject of foreign loans, issued by this Department on March 3,[3] a copy of which is enclosed for your information, which states that "offers for foreign loans should not . . .[4] state or imply that they are contingent upon an expression from the Department of State regarding them, nor should any prospectus or contract refer to the attitude of this Government."

In response to your request for an expression of the Department's views, I beg to say that in so far as this Department is informed of the proposed transaction, it knows of no reason why it should interpose objection to your proceeding therewith.

I am [etc.]

For the Secretary of State:
LELAND HARRISON
Assistant Secretary

824.51/103a : Telegram

The Secretary of State to the Minister in Bolivia (Cottrell)

WASHINGTON, *April 29, 1922—4 p. m.*

4. The Department is informed by the Equitable Trust Company that a British banking group, which is being actively aided by the British Minister, is opposing the conclusion of a loan with the American bankers and that the Government appears to be carrying on negotiations with the British group. The Agreement between the Bolivian Government and Stifel-Nicolaus, Spencer Trask, and Equitable Trust, dated December 5, 1921, provides that the Republic will negotiate for the proposed large loan exclusively with the bankers who made the million dollar loan in December. It further provides that for 6 months after December 5, the Republic would not negotiate or issue any external loan without the consent of the bankers and that for a period of 3 years the bankers should have a prefer-

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[2] Not printed.
[3] *Ante*, p. 557.
[4] Omission indicated in the Department's letter.

ential right to purchase, on the best terms offered by any other responsible house, any loan which the Government may issue.

You may, when a suitable opportunity presents, discuss this matter very informally with the British Minister, suggesting that he may not be fully conversant with the terms of the contract with the American bankers. The bankers do not desire that you should take the matter up with the Bolivian Government at this time. The Department will be glad to have a report from you on this subject by cable at an early date.

HUGHES

824.51/103 : Telegram

The Minister in Bolivia (Cottrell) to the Secretary of State

[Paraphrase]

LA PAZ, *May 2, 1922—3 p. m.*
[Received May 3—3:20 p. m.]

15. Your telegram no. 4, of April 29, 4 p. m. The Railway Works Company, London, that built 50 miles of railroad on the Patino properties at Uncia last year, are acting as agents for the Ethelburga Syndicate, Ltd., London, in offering the Bolivian Government a loan of £4,000,000 sterling. C. T. Sheppard and Hugh Gibson are local agents for the company, the latter being now in Chile bidding on a railroad contract near Santiago. The offer of the British company is general, making no provision as to supervision of the revenues in Bolivia, and stipulating only that the loan shall be made at 8% interest and at 10% discount, and shall run for 25 years, redemption to be at 105. . . . The administration is not carrying on negotiations with the British Minister but is endeavoring to place a loan in New York. The agreement that the Bolivian Government shall not negotiate a foreign loan without consent of the bankers until after June 5 next is thoroughly understood here, but the agents of the Railway Works Company insist that advantageous terms offered by the British company would offset the forfeiture to the Equitable Trust Company incident to contracting a loan in London. The new enabling bill for a loan as required by the Equitable Trust Company faces a long and bitter fight in the Chamber of Deputies, where it has passed only one reading. The present bill is opposed by the Liberal members of the Congress, who insist that only $16,000,000 should be borrowed, and that it should be used, not for paying existing deficits, but for public improvements. The opposition is filibustering in order to defeat the loan, for they know that if they succeed the present fiscal year will end with a deficit of 12,000,000 bolivianos and in consequence the Government will be materially weakened. The Ethelburga Syndicate has already placed loans in

South America and owns the bonds of a chain of [match?] factories throughout the continent, but is more of a promoting than a banking organization. The British Minister, with whom I have discussed the situation tactfully, asserts that his only interest in the British offer is to see that it contains a clause providing that a British commission shall have detailed control of the revenues.

COTTRELL

824.51/105

Messrs. Curtis, Mallet-Prevost & Colt to the Secretary of State

NEW YORK, *May 9, 1922.*
[Received May 10.]

SIR: Referring to our letter to you of March 27, 1922, and to your reply of April 11, regarding the proposed loan to the Republic of Bolivia by Stifel-Nicolaus Investment Company, Spencer Trask & Co., and The Equitable Trust Company of New York, we beg to enclose herewith for your information:

(1) Financing Plan submitted under date of May 1, 1922, by said Bankers to the Financial Adviser of the Republic of Bolivia;[5]
(2) Letter addressed by the Bankers under date of May 1, 1922, to said Financial Adviser, containing the bid for the bonds mentioned in said Financing Plan;[5]
(3) Letter dated May 3, 1922, from said Bankers to the Financial Adviser of Bolivia, which contains changes to the Financing Plan;[5] and
(4) Letter of May 6, 1922, from said Bankers to the Financial Adviser, which contains further modifications to the Financing Plan and the acceptance of the proposition in the name of the Republic of Bolivia.

A Trust Agreement for the issuance of these bonds is now being prepared and will be submitted to you as soon as completed.[5]

Respectfully yours,

CURTIS, MALLET-PREVOST & COLT

[Enclosure]

The Bankers to the Financial Adviser to the Government of Bolivia
(Bernheim)

NEW YORK, *May 6, 1922.*

DEAR SIR: Referring to the conference which Messrs. Parker, Cahill and Mallet-Prevost had yesterday with you and with Messrs. Rivero, Gumucio and Maginnis, we hereby modify as follows the

[5] Not printed.

proposition which we made you on May 1st, as amended by our letter of May 3rd:

First: The Financing Plan is hereby modified as follows:

(1) The $4,000,000 of bonds heretofore reserved for the completion of the Potosí–Sucre Railroad shall, when issued, be used for such railroad construction as may be approved by the Government and the undersigned Bankers.

(2) The shares of the stock of the Banco de la Nación Boliviana to be pledged as security for the loan shall include all the shares belonging to the Government; shall be not less than 114,000; and shall be sufficient to control the Bank.

(3) In order to enable the Government to carry out its contract of July 8, 1921 with the Ulen Contracting Corporation, the Government shall be at liberty to issue the final $3,000,000 of bonds referred to in Article 33 of the Ulen Contracting Corporation contract of July 8, 1921—or rather the $3,000,000 of new bonds to be substituted for the old—provided the conditions set forth in the Financing Plan as to the sufficiency of the pledged taxes and revenues, shall be complied with. To avoid any possible difficulty to the Government in this connection, however, the Loan Contract shall provide that in case the pledged taxes and revenues should not meet the requirements of the Financing Plan with reference to the issue of additional bonds, the Government shall pledge as further security for the Loan such additional taxes or revenues as may be approved by the Trustee to an amount sufficient to increase the proceeds of all pledged taxes and revenues so that the same shall not be less than one and one-half times the amount required for the annual service of the Loan, including the service upon the additional bonds proposed to be issued.

We reserve our right to modify the above provisions in the Trust Agreement which will be executed so as to further facilitate the issue of said $3,000,000 of bonds by the Government.

Second: The offer we now make is subject to the above modifications, as well as to all the other terms of our letters of May 1st and May 3rd and of the Financing Plan therein referred to; and is further subject to the following conditions:

(1) That our present offer be immediately accepted.

(2) That as the result of the preliminary contract which such acceptance creates, the Republic shall execute a Trust Agreement with The Equitable Trust Company of New York as Trustee and Fiscal Agent providing for the issue of the bonds. Said Trust Agreement shall be executed immediately after the passage of the law of ratification below referred to and shall be in form to be approved by our counsel.

(3) That on or before the 12th day of the present month the Congress of Bolivia shall ratify and approve the contract which we are about to enter into and shall authorize the execution of the Trust Agreement above mentioned, such ratification and approval to be in form satisfactory to our counsel.

(4) That notwithstanding the preliminary contract about to be entered into, we reserve the right to cancel the same and to withdraw

our offer at any time prior to the passage of the ratifying law above mentioned if, in our opinion, the conditions of the market or any extraordinary circumstances shall make this necessary.

Subject to all of the above conditions, we offer to purchase the $19,000,000 of bonds mentioned in our letter of May 1st at 92% of their par value, with interest thereon from May 1, 1922 to date of delivery, payment of the purchase price to be made in accordance with the terms of our letter of May 1st last.

We are handing you this letter in duplicate so that if approved it may be accepted by the Republic. We understand that Messrs. Rivero and Gumucio have been duly authorized by Bolivia to close the negotiations and to sign the respective contracts.

Respectfully yours,

STIFEL-NICOLAUS INVESTMENT COMPANY
By L. M. FORSTER, *Secy.*

SPENCER TRASK & CO.

THE EQUITABLE TRUST COMPANY OF NEW YORK
By M. K. PARKER, *Vice-President*

May 6, 1921 [*1922*].

The above proposition is hereby accepted with the understanding that the failure of Congress to ratify this contract on or before May 12th as above provided shall not create any liability on the part of the Republic.

REPUBLIC OF BOLIVIA
RAMÓN RIVERO
Financial Agent
C. GUMUCIO
Consul General

Approved—
E. H. BERNHEIM
SAMUEL ABBOT MAGINNIS

824.51/105 : Telegram

The Secretary of State to the Minister in Bolivia (Cottrell)

WASHINGTON, *May 16, 1922—2 p. m.*

7. Your 15, May 2, 3 p. m.

Attorneys for American bankers report their proposition accepted by Bolivian representatives. Please keep Department advised of progress briefly by cable.

HUGHES

824.51/107 : Telegram

The Minister in Bolivia (Cottrell) to the Secretary of State

LA PAZ, *May 16, 1922—3 p. m.*
[Received May 23—5:35 p. m.]

18. Chamber of Deputies yesterday passed bill in approximate form desired by New York bankers authorizing immediate loan of $19,000,000 also additional $4,000,000 as needed for completion Potosi–Sucre railway. Bill also provides that bonds held by Ulen Contracting Corporation be refunded and consolidated with new loan making total amount $33,000,000. Of this sum $24,000,000 are to be offered to public immediately and additional $9,000,000 within next 2 years.

Little opposition looked for in the Senate where bill is expected to pass this week.[6]

COTTRELL

824.51/209

Contract of May 31, 1922, between the Republic of Bolivia and the American Bankers

AGREEMENT made at the City of New York on the thirty-first day of May, one thousand nine hundred and twenty-two, between the REPUBLIC OF BOLIVIA (hereinafter called the "Republic"), party of the first part, and STIFEL-NICOLAUS INVESTMENT COMPANY, a corporation organized under the laws of the State of Missouri, SPENCER TRASK & Co., a copartnership doing business in the City of New York, and THE EQUITABLE TRUST COMPANY OF NEW YORK (hereinafter collectively called the "Bankers"), parties of the second part:

WITNESSETH:

WHEREAS, the Republic has executed and is about to deliver simultaneously herewith a Trust Contract with The Equitable Trust Company of New York, as Trustee, providing for the issue of Bonds aggregating Thirty-three Million Dollars ($33,000,000), a copy of which Trust Contract is hereto annexed as "Appendix 2";[7] and

WHEREAS, the Republic has agreed to sell Nineteen Million Dollars ($19,000,000) par value of said Bonds to the Bankers, and the Bankers have agreed to purchase the same upon the terms and conditions hereinafter set forth,

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and undertakings hereinafter contained, it is hereby agreed as follows:

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[6] The loan law was promulgated by President Saavedra, May 24.
[7] Not printed.

Article First: The Republic declares and represents that the statements, representations and statistics contained in the document annexed hereto entitled "Additional Statistical Information" and made a part hereof as "Appendix 1"[8] are true and correct in every particular.

Article Second: The Republic agrees to sell to the Bankers Nineteen Million Dollars ($19,000,000) principal amount of the Bonds referred to in the Trust Contract ("Appendix 2"), and the Bankers agree to purchase the same for ninety-two per cent. (92%) of their par value, plus interest accrued thereon to the date of delivery. Said Bonds shall be delivered and paid for as follows:

(*a*) Upon the delivery by The Equitable Trust Company of New York of the Trust Contract ("Appendix 2") as above provided, the Bankers shall pay to The Equitable Trust Company of New York for account of the Republic the sum of Five hundred thousand Dollars ($500,000), and the Republic shall thereupon deliver to the Bankers such amount of Bonds as at ninety-two per cent. (92%) of their par value and accrued interest shall represent said sum of Five hundred thousand Dollars ($500,000). The Five hundred thousand Dollars ($500,000) paid as aforesaid shall be subject to the written or cabled order of the President or of the Minister of Finance of the Republic.

(*b*) Upon such date and at such hour as the Bankers may designate, which, however, shall not be later than thirty days after the delivery of the Trust Contract ("Appendix 2") as above provided, the Republic shall deliver to the Bankers the balance of said Nineteen Million Dollars ($19,000,000) of Bonds, and the Bankers shall thereupon pay the balance of the purchase price as follows:

1. They shall pay to the Trustee One Million two hundred thousand Dollars ($1,200,000) to be dealt with as provided in Section 1 of Article Sixth of the Trust Contract.

2. They shall pay to the Trustee the sum of Ten Million six hundred thousand Dollars ($10,600,000), to be dealt with as provided in Section 4 Article Eighth of the Trust Contract. Any unexpended balance of this sum not required for the purposes stated in said Trust Contract shall be applied to the purposes stated under subdivision (*c*) of this article.

3. They shall pay to themselves the sum of Nine hundred twenty-one thousand eight hundred eleven Dollars and seventy-six cents ($921,811.76), being the balance still owing of the loan made by them to the Republic under the contract of December 5, 1921, and in addition thereto they shall pay to themselves interest upon said loan to the date of payment.

4. They shall retain the sum of One hundred and twenty-five thousand Dollars ($125,000) to be applied by them in payment of the Trustee's fees for authenticating the entire authorized issue of $33,000,000 of Bonds in both temporary and definitive form, the printing of the provisional bonds, the

[8] Not printed.

engraving and printing of the entire issue of definitive bonds, the listing of the bonds on the New York Stock Exchange, the fees and disbursements of their counsel and their own expenses. If said sum of One hundred and twenty-five thousand Dollars ($125,000) should not be sufficient for the purposes aforesaid, the Bankers shall pay any deficit for their own account.

(*c*) The balance of the purchase price of Nineteen Million Dollars ($19,000,000) of bonds shall be deposited in the banking department of The Equitable Trust Company of New York to the credit of the Minister of Finance of the Republic who will apply said funds to the purposes set forth in Article First of the law of February 10, 1922 (Appendix 3 [9]), beginning with subdivision (5) thereof, and in the law of May 20, 1922 (Appendix 5 [9]) amendatory thereof, and to the purposes mentioned in the law of May 24, 1922, (Appendix 4 [9]); that is to say

(1) That the sum of Nine hundred and twenty thousand Dollars ($920,000), plus accrued interest on One Million Dollars ($1,000,000) of Bonds shall be applied exclusively to the construction of the Potosi–Sucre Railroad.

(2) That Fourteen Million Bolivianos (Bs. 14,000,000), or such part thereof as may be necessary, shall be applied to the payment of the floating debt of the Republic consisting of

a. Bank's various accounts	500,000 Bs
b. Time obligations	5,836,321 "
c. Foreign bankers	49,125 "
d. Bank's current accounts	7,318,163 "

(3) That the balance shall be applied to the construction of railroads and highways as provided by said law of February 10th and the amendment thereto of May 20th and as provided by said law of May 24th, 1922, and to other requirements of the administration, including the payment of special railroad guarantees.

As soon as practicable after the termination of each fiscal year the Permanent Fiscal Commission, referred to in the Trust Contract, shall file with the Trustee for the information of the Bankers a report showing the Republic's revenues and expenditures during the preceding fiscal year and especially the income derived from the taxes and revenues pledged hereunder, and also a detailed statement of the Republic's internal and external debt, both floating and funded, as of the close of the said fiscal year. Also a statement showing any contingent liabilities of the Republic at the close of said fiscal year.

Article Third: If and when the Republic shall require to sell any or all of the Four Million Dollars ($4,000,000) of Bonds mentioned in paragraph (*b*) of Section 2 of Article Eighth of the Trust Contract ("Appendix 2"), it shall, by letter addressed to the Bankers and delivered as provided under "Fourth" below, offer the same

[9] Not printed.

to the Bankers as and when the Republic shall propose to make such sales, and the Bankers shall have the right at their option to purchase the same at ninety-three per cent (93%) of their par value, plus accrued interest, at any time within ten days following the respective offers. If the Bankers shall elect to purchase as aforesaid, the Republic shall sell Bonds to them upon the terms above stated. Said option is intended for the joint benefit of the parties hereto of the second part and shall be exercised jointly by them, except that if any one or more of them should not avail themselves of the said right, the option referred to may be exercised by and shall inure to the benefit of the other banker or bankers who may elect to exercise said right.

Article Fourth: It having been left to the Republic and the Bankers to agree upon the compensation to be paid to the Commissioners constituting the Permanent Fiscal Commission referred to in Section 2 of Article Fifth of the Trust Contract ("Appendix 2"), the parties hereto agree that the Chairman and Chief Executive of said Commission shall receive a salary of Nine thousand Dollars ($9,000) United States gold per annum; that the other Commissioner recommended by the Bankers shall receive a salary of Six thousand Dollars ($6,000) United States gold per annum; and that the third Commissioner shall receive such compensation as the Government may determine, all of said salaries to be paid in equal monthly instalments. In addition to said compensation each of the Commissioners recommended by the Bankers shall be allowed the sum of Five thousand Dollars ($5,000) United States gold per annum for living expenses at La Paz, also payable in equal monthly instalments.

The Commissioners shall be reimbursed their necessary traveling expenses when away from La Paz, including traveling expenses of the American Commissioners from New York to La Paz on their initial trip and their traveling expenses between the United States and Bolivia, not however exceeding one trip for each Commissioner every two years. All of these expenses shall be paid monthly upon presentation of accounts approved by the Permanent Fiscal Commission. While in the United States, the Commissioners shall pay their own expenses, except in so far as these may be incurred in the discharge of their duties.

Article Fifth: The Bankers shall be under no obligation or liability with respect to the application of the proceeds of this loan, except as to such payments as by the terms of this Agreement shall be made by them directly.

Article Sixth: Any statement, notice, request, or other communication under this Contract from the Bankers to the Republic shall be

in writing addressed to "El Ministro de Hacienda de Bolivia", and to the Minister of Bolivia in Washington and to the Consul General of Bolivia, and shall be deemed to have been duly made or given if delivered at the Legation of the Republic in the City of Washington, or at the Consulate General of the Republic at the City of New York. Service of such notice or other communication shall be deemed complete as of the date of such delivery.

Any notice to the Bankers shall be given in writing addressed to Stifel-Nicolaus Investment Company, Spencer Trask & Company and The Equitable Trust Company of New York, and delivered at their offices or at the offices of the two last mentioned in the City of New York.

Article Seventh: The provisions of this Agreement shall apply to and in respect of the firm of Spencer Trask & Company, one of the Bankers herein mentioned, as such firm shall from time to time be constituted, without reference to any change of membership.

In all matters in which the Bankers shall be called upon to act, the concurrent action of any two of them shall be binding upon all three.

IN WITNESS WHEREOF, the Republic has caused this Agreement to be subscribed on its behalf by Señor Don Carlos Gumucio, Consul General of the Republic in New York, thereunto duly authorized; Stifel-Nicolaus Investment Company and The Equitable Trust Company of New York have caused this Agreement to be subscribed in their respective names by one of their respective Vice-Presidents and their respective corporate seals to be hereunto affixed and attested, and Spencer Trask & Co. have hereunto set their hands and seals the day and year first above written.

This agreement is executed in quintuplicate.

In the presence of
ELI H. BERNHEIM
SAMUEL ABBOT MAGINNIS

REPUBLIC OF BOLIVIA
By C. GUMUCIO, *Consul General of the Republic of Bolivia*

Attest:
H. KOHLMANN
Asst. Secretary

STIFEL-NICOLAUS INVESTMENT COMPANY
By LOUIS J. NICOLAUS, *Vice-President* [SEAL]

SPENCER TRASK & CO. [SEAL]

Attest:
P. F. FARRELL, Jr.
Asst. Secretary

THE EQUITABLE TRUST COMPANY OF NEW YORK
By M. K. PARKER, *Vice-President* [SEAL]

BRAZIL

AGREEMENT PROVIDING FOR A NAVAL MISSION FROM THE UNITED STATES TO BRAZIL

832.30/47 : Telegram

The Ambassador in Brazil (Morgan) to the Secretary of State

[Paraphrase]

RIO DE JANEIRO, *March 4, 1922—1 p. m.*

[Received 5 p. m.]

21. Public announcement is now made by the Brazilian Government that it will contract for a foreign naval mission, the nationality of which is not yet settled. Only an American or a British mission, however, is contemplated. This naval mission will hold the same relation to the Navy that the French military mission now holds to the Army. The head of the French mission enjoys a considerable degree of authority and receives suitable remuneration.

President Pessôa desires that Captain C. T. Vogelgesang,[1] with whom he is well acquainted, have the mission under his direction, and wishes him to visit Brazil to formulate plans and give advice, the selection of assistants being deferred. . . .

. . . . . .

I respectfully recommend that authorization be granted me to inform President Pessôa confidentially that Captain Vogelgesang will be detailed to advise and organize the mission, if the President of Brazil so requests. The naval attaché and all naval officers detailed here approve this telegram.

MORGAN

832.30/53 : Telegram

The Secretary of State to the Chargé in Brazil (Crosby)

[Paraphrase]

WASHINGTON, *April 17, 1922—4 p. m.*

43. You are authorized to inform the Brazilian Government that the Government of the United States would be very glad to designate officers of the American Navy for a naval mission if the Brazilian Government should desire their appointment for this purpose. The Secretary of the Navy is willing to send an officer of distinguished

[1] Capt. Carl T. Vogelgesang, U. S. N., chief of the naval mission to Brazil, Jan.–Nov. 1918.

abilities as head of this mission in special recognition of the close relation between the two countries. This Government would be greatly gratified if it were able to assist the Brazilian Government in this respect.

HUGHES

832.30/53 : Telegram

The Secretary of State to the Chargé in Brazil (Crosby)

[Paraphrase]

WASHINGTON, *May 12, 1922—4 p. m.*

57. Your March 4, 1 p. m., and April 15, 1 p. m.;[2] Department's April 17, 4 p. m. If necessary to secure acceptance of American mission it is now thought that it will be possible for the Navy Department to detail Captain Vogelgesang as head of naval mission to Brazil. Ascertain informally from the President whether he still desires Captain Vogelgesang for this work, and inform him that Captain Vogelgesang will be available, should you feel that such an offer is necessary and would bring about acceptance of American mission.

HUGHES

832.30/63 : Telegram

The Chargé in Brazil (Crosby) to the Secretary of State

RIO DE JANEIRO, *July 24, 1922—12 noon.*

[Received 4:05 p. m.]

76. My 75 July 22, 12 noon.[3] Following is translation of note I have just received from Minister of Marine:

"I have the honor to inform Your Excellency that the Brazilian Government has decided to authorize the contracting of a North American naval mission and that the necessary steps have already been taken by the Ministry of Foreign Affairs in order that negotiations can be opened. The Government and the Ministry of Marine desire that the mission be headed by the distinguished Admiral Vogelgesang."[4]

As President, press and public are anxious to have Vogelgesang head mission I hope his nomination may be made at earliest possible

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[2] Latter not printed.
[3] Not printed.
[4] The Navy Department announced, July 12, 1922, that Captain Vogelgesang had been recommended by the Naval Selection Board for promotion to the rank of rear admiral; the promotion became effective Oct. 15, 1922.

moment and that he be instructed to come to Rio immediately upon receipt of official Brazilian request for mission which is being transmitted through Embassy at Washington.

CROSBY

832.30/66

The Brazilian Ambassador (Alencar) to the Secretary of State

[Translation]

The Ambassador of Brazil presents his compliments to His Excellency, the Secretary of State of the United States of America, and with reference to a conversation he had with His Excellency has the honor to forward to him an Aide Mémoire setting forth the bases of a Naval Mission to the Brazilian Navy whose services the President of the Republic under the authority of the National Congress wishes to engage in the United States of America, from whose Navy he already has a commission of officers who as instructors at the Naval College have achieved most valuable results.

WASHINGTON, *July 29, 1922.*

[Enclosure—Translation]

The Brazilian Embassy to the Department of State

AIDE MÉMOIRE

The President of the Republic of the United States of Brazil, under the authority given by the National Congress has decided to engage for four years the services of a Naval Mission from the United States of America for the Brazilian Navy.

The Government of Brazil wishes that mission to be headed by a high officer who will serve on the General Staff of the Brazilian fleet as technical assistant and will superintend all the services entrusted to the Mission. The officers of the Mission must hold the rank of Captain or Commander, and number nine, viz.: two for the Navy Yard, one on technical the other on administrative duty; one for the Naval Depot or "Almoxarifado"; one for the Armament division; one for the target practice division; one for the division of inspection and supervision of property; one for the engines of the ships of the fleet, and one for the aviation service.

The Brazilian Government is greatly interested in having the Mission begin its labors at the earliest possible date and as the high officer who is to head it is to go to Rio de Janeiro to arrange with the Federal Government the bases of the contract, it very much desires that and will be very thankful if the Government of the United States will kindly designate that officer as soon as possible.

WASHINGTON, *July 29, 1922.*

832.30/63 : Telegram

The Secretary of State to the Ambassador in Brazil (Morgan)

WASHINGTON, *August 5, 1922—1 p.m.*

100. Your 76, July 24th, 12 noon.

The invitation has now been received from the Brazilian Embassy. The Navy Department states it is most happy to nominate Admiral Vogelgesang for head of mission. Further information regarding additional officers will be furnished later.[5] Navy Department states Admiral Vogelgesang cannot leave for 3 weeks. He will therefore accompany Secretary of State as his special aide during stay of mission.[6]

HUGHES

832.30/81

The Secretary of State to the Ambassador in Brazil (Morgan)

No. 760 WASHINGTON, *November 9, 1922.*

SIR: The Department acknowledges the receipt of your despatch No. 1977 of October 2, 1922,[7] transmitting a translation of a note from the Brazilian Minister of Marine requesting that the Chief of the United States Naval Mission be authorized to use the title and wear the insignia of Vice Admiral.

A copy of your despatch was transmitted to the Secretary of the Navy with the statement that this Department would be glad should it be found appropriate to comply with your suggestion. A copy of the reply of the Acting Secretary of the Navy, dated November 3rd[7] is transmitted herewith. You will note that, while it might be possible to authorize the Chief of the Mission to use the title and wear the insignia of Vice Admiral, the said use might require frequent explanation and give rise to disagreeable incidents, should a foreign officer of flag rank visit Rio de Janeiro. It is stated, furthermore, that Admiral Vogelgesang expresses the opinion that there will be no embarrassment to the Chief of the Mission working with the Brazilian Naval Department in his legal rank.

You will comply with the request of the Navy Department by expressing to the Brazilian Government the appreciation of the United States Government regarding its request and explain the possible difficulties that might arise should the Chief of the Mission

[5] The Ambassador was informed, in the Department's telegram no. 118, Aug. 18, 1922, 4 p. m. (not printed), that it had been decided to make no other assignments to the naval mission until Admiral Vogelgesang had consulted with the Brazilian authorities.

[6] Special mission of friendship to Rio de Janeiro during the centenary celebration of Brazilian independence; see pp. 656 ff.

[7] Not printed.

wear the insignia of a rank higher than that to which he is legally entitled.

Unless the Brazilian authorities insist further, the Department will acquiesce in the decision of the Navy Department.

I am [etc.]

For the Secretary of State:
WILLIAM PHILLIPS

832.30/89 : Telegram

The Ambassador in Argentina (Riddle) to the Secretary of State

[Paraphrase]

BUENOS AIRES, *December 20, 1922—5 p. m.*
[Received 7:55 p. m.]

75. Our naval mission to Brazil has aroused much feeling in Government circles. The Minister of the Marine states that he is bewildered by the official character of the mission and says that he is forced to regard it in the nature of an alliance and wonders what the position of the mission would be if Brazil were at war. The impression would be different if the officers had received leave of absence and had made private contracts. He says further that when one country is singled out for our favors, the aim of Pan American solidarity is defeated. As our action seems to be an expression of ill will toward Argentina, he is deeply wounded, for he has always been a sincere friend of the United States and has been instrumental in recent years in placing most orders for Argentine dreadnaughts and naval armament in the United States. Le Breton also expresses his astonishment and regret. It is the high official character of the proceeding which particularly rankles. It is desirable to convince the Argentine Government that no political significance attaches to the mission and that it is not different from similar missions that England, France and Germany have often furnished to smaller countries in past years.

RIDDLE

832.30/89 : Telegram

The Secretary of State to the Ambassador in Argentina (Riddle)

WASHINGTON, *December 21, 1922—6 p. m.*

60. Your 75, December 20, 5 p. m.

Please explain to the proper Argentine officials that the Naval Mission was sent to Brazil by virtue of the authority conferred on the President by the Act of Congress of June 5, 1920, entitled "An Act to authorize officers of the naval service to accept offices with compensation and emoluments from Governments of the Republics of South America", which permits the detail of naval officers to

assist any South American Governments which may desire and ask for help in organizing and instructing their navies. The purpose of the Mission is merely to cooperate with the Brazilian Minister of Marine and with the officers of the Brazilian Navy to secure a good organization of the Brazilian Navy ashore and afloat; improving the methods of work and in training and instructing the personnel, and in drawing up and executing plans for the improvement of the Navy. In case of civil war or war between Brazil and any other nation no member of the Mission will, in accordance with the terms of the contract, take part in the operations in any respect whatsoever. Moreover, the terms of the contract itself permit the withdrawal of the Mission should such a step become necessary in the interest of either Government, and in the event that hostilities appear imminent between Brazil and any other country the United States would immediately notify the Brazilian Government of its intention to terminate the contract.

The Mission does not signify in any sense an alliance between the United States and Brazil. Other powers have been in the habit of sending military and naval missions upon request to foreign governments. This Government has been asked in a number of cases to render such assistance but had never been in a position to render effective aid of such a nature until the Act of Congress of June 5, 1920, was enacted. Since then requests in this sense from Peru and Haiti have been complied with.[10] There is, therefore, no new departure in policy in sending the Naval Mission to Brazil to which any significance whatsoever can be attached, nor does it signify any change in the desire of the United States Government for Pan American solidarity and closer relations with each and every country of this hemisphere. Form and signature of contract for naval mission merely in accordance with official routine and precedents.

HUGHES

VISIT OF THE SECRETARY OF STATE AND THE SPECIAL MISSION OF FRIENDSHIP TO RIO DE JANEIRO DURING THE CENTENARY CELEBRATION OF BRAZILIAN INDEPENDENCE

832.607B/1

The Ambassador in Brazil (Morgan) to the Secretary of State

No. 1781 RIO DE JANEIRO, *April 8, 1921.*

[Received April 29.]

SIR: I have the honor to enclose the translation of a note from the Brazilian Foreign Office dated March 31st,[11] and received today

[10] For papers relating to the appointment of a naval mission to Peru, see *Foreign Relations*, 1920, vol. III, pp. 367 ff; no record of proposals for a similar mission to Haiti has been found in Department files.

[11] Not printed.

in which that Government invites the Government of the United States to be represented at an Exposition which will be held in the city of Rio de Janeiro in the months of September, October and November, 1922, for the purpose of commemorating the first Centennial of the Independence of Brazil.

The Federal Government has reserved a plot of ground on the water front near the heart of the town upon which the buildings of the Exposition will be erected and upon a portion of which foreign governments, or individuals of foreign nationality, will be accommodated who desire to participate through the construction of pavillions for the exposition of products and manufactures relative to farming, cattle raising, fisheries, mining, mechanical industries, transportation, communication, general commerce, science and the fine arts.

Previous to the receipt of this communication on March 31st, the Commercial Attaché of this Embassy addressed a letter to the Mayor of Rio de Janeiro, Dr. Carlos Sampaio, who is President of the Exposition Commission, requesting information thereon for the benefit of the American Chamber of Commerce for Brazil and other American organizations and individuals. A copy of Dr. Schurz's letter is herewith transmitted,[12] the reply to which will be forwarded to you as soon as received.

I have [etc.] EDWIN V. MORGAN

832.607B/36 : Telegram

The Secretary of State to the Ambassador in Brazil (Morgan)

WASHINGTON, *November 2, 1921—6 p. m.*

46. Department's 45, October 27, 6 p. m.[12]

President today signed joint resolution of Congress accepting the invitation of the Republic of Brazil to take part in international exposition to be held in Rio de Janeiro in 1922.[13] Inform Government.

HUGHES

832.415/16

The Brazilian Ambassador (Alencar) to the Secretary of State

WASHINGTON, *February 13, 1922.*

MY DEAR MR. SECRETARY: I have received instructions from the President of Brazil to invite the Government of the United States

[12] Not printed.
[13] 42 Stat. 209.

to attend the Centennial Celebration of the Independence of Brazil, in September next at Rio de Janeiro.

I am transmitting to you this invitation by letter, not being able to call on you before your departure tomorrow, confined, as I am, by direction of my physician, to my bed since several days ago, and I do not know for how much longer.

With the expressions [etc.] A. DE ALENCAR

832.415/16 : Telegram

The Acting Secretary of State to the Ambassador in Brazil (Morgan)

WASHINGTON, *February 18, 1922—4 p. m.*

15. Brazilian Ambassador, by instructions, invites this Government to attend Centennial Celebration September next at Rio de Janeiro.

Cable whether this is distinct from Exposition, if so, advising Department fully regarding it and of action you recommend.

FLETCHER

832.607B/132 : Telegram

The Ambassador in Brazil (Morgan) to the Secretary of State

RIO DE JANEIRO, *February 20, 1922—2 p. m.*

[Received February 20—12:35 p. m.]

16. Department's 15, February 18, 4 p. m. Invitation referred to indicates desire of Brazilian Government that American Government be represented at ceremonies on September 7 next commemorating centenary of Brazil's political independence. Inauguration of exposition on that day will serve, as previously stated, one feature of this commemoration. Recommend that man-of-war or preferably squadron be sent here and that admiral commanding squadron or resident Ambassador be accredited as Ambassador Extraordinary. Argentine Foreign Minister traveling on man-of-war will participate. Plans of other governments not yet announced.

As hotel space is limited, Brazilian Government wishes to know early what accommodations must be prepared for visiting foreign officials.

MORGAN

832.415/16

The Acting Secretary of State to the Brazilian Ambassador (Alencar)

WASHINGTON, *March 7, 1922.*

MY DEAR MR. AMBASSADOR: I greatly regret that your courteous communication of February 13, last, extending on behalf of your

Government an invitation to the Government of the United States to participate in the centennial celebration of Brazil in September next, at Rio de Janeiro, has remained unacknowledged until now, due to the fact that it was at first thought in the Department that the matter might be determined by the acceptance of the invitation without Congressional action. This, I further regret to say, is not now found feasible. Therefore, while I am not at this time able to give you a formal acceptance of the invitation, I think I shall be in the position to do so in a short time, the bill providing for this Government's representation having passed the Senate on the 6th instant, and now awaiting only the regular procedure in the House of Representatives.[15] In the meantime please be so good as to inform your Government of our high appreciation of their courtesy in extending the invitation, and that the invitation is having the attention of both the Executive and Legislative branches of the Government.

I am [etc.] HENRY P. FLETCHER

033.1120 H 87/67d : Telegram

The Secretary of State to the Ambassador in Brazil (Morgan)

WASHINGTON, *July 31, 1922—4 p.m.*

97. Department's No. 86, July 18, 6 p. m.[16]

After consultation with Brazilian Ambassador it has been decided that the Special Mission headed by the Secretary of State will proceed to Rio on the steamship *Pan American* from New York about August 24th, arriving off Rio de Janeiro about September 4th. The party will board the U. S. S. *Maryland* on the morning of September 5th and enter the harbor that morning. The Commission will leave Rio de Janeiro for the United States on the steamship *American Legion* on September 11th.

HUGHES

033.1120 H 87/67e : Telegram

The Secretary of State to the Ambassador in Brazil (Morgan)

WASHINGTON, *August 9, 1922—3 p. m.*

104. Department's 97, July 31, 4 p. m.

Members of special mission of friendship, good will, and congratulation to represent the Government and people of the United

[15] The joint resolution authorizing the President to appoint a special mission of friendship, good will, and congratulation was approved June 15, 1922 (42 Stat. 651).

[16] Not printed.

States at celebration of centennial independence of Brazil at Rio de Janeiro September next are Honorable Charles Evans Hughes, Secretary of State, Honorable Stephen G. Porter, Chairman of Committee on Foreign Affairs, House of Representatives, Cyrus H. K. Curtis of Philadelphia,[19] Admiral Hilary P. Jones, United States Navy, and Major General Robert L. Bullard, United States Army, first named with rank of Ambassador Extraordinary and Plenipotentiary, and the others each with rank of Envoy Extraordinary and Minister Plenipotentiary.[20] Mr. D. L. Goodwillie, of Illinois, is Secretary of mission. Secretary of State and Admiral Jones will be accompanied by their wives; Mr. Porter by his daughter, Miss Porter; Admiral Jones and General Bullard each by an aide. Secretary of State will take with him also his private secretary, William H. Beck, and his clerk, George A. Morlock, as well as valet, and maid for Mrs. Hughes. In addition to these, two male clerks will be attached to the mission. Mr. Hugh Millard, Third Secretary your Embassy, is assigned to the mission during its stay in Rio de Janeiro.

The Secretary of State will carry also a letter accrediting him as Ambassador Extraordinary and Plenipotentiary to return the visit made to the centennial exposition in the United States by the Emperor Dom Pedro.[21] Inform Brazilian Government accordingly.

Department assumes that you will be able to secure a translator-interpreter and a stenographer should their services be found necessary on arrival of mission.

Mission leave New York August 24 on Steamship *Pan American*, with exception of Admiral Jones who proceeds on U. S. S. *Maryland*.

HUGHES

033.1120 H 87/10 : Telegram

The Ambassador in Brazil (Morgan) to the Secretary of State

RIO DE JANEIRO, *August 11, 1922—1 p. m.*

[Received 2:12 p. m.]

87. Department's 89 July 24, 4 p. m.[22] Brazilian Foreign Office informed me to-day that Secretary of State in his character as dean

[19] Mr. Curtis was replaced, Aug. 23, by Judge Edward R. Finch.

[20] Admiral Vogelgesang accompanied the Secretary of State as special aide; see also pp. 651 ff.

[21] The appointment of the Secretary of State in this capacity followed a direct inquiry of the Brazilian Ambassador as to whether the visit of the Secretary was intended to return the visit of the Brazilian Emperor in 1876.

[22] Not printed.

of special ambassadors to the centennial celebration will be requested to speak in the name of his colleagues at a dinner given by President of Brazil on September 9th. He will also be requested to speak at a dinner to special ambassadors offered by Brazilian Government on September 10th over which Minister for Foreign Affairs will not preside and at which President of Brazil will probably not be present.[23]

MORGAN

033.1120 H 87/11 : Telegram

The Ambassador in Brazil (Morgan) to the Secretary of State

RIO DE JANEIRO, *August 12, 1922—noon.*

[Received 4:14 p. m.]

89. Please instruct as to whether Mexican and Greek Special Ambassadors and resident diplomats shall be invited to entertainments given by the Secretary while here.[24]

MORGAN

033.1120 H 87/11 : Telegram

The Secretary of State to the Ambassador in Brazil (Morgan)

WASHINGTON, *August 14, 1922—1 p. m.*

109. Your 89, August 12, noon.

Such entertainments as I may give at Rio will be held in honor of Brazil and its Centennial of Independence and will not be in the nature of the celebration of an American anniversary. It would be discourteous, therefore, to omit inviting any of Brazil's guests such as the Mexican and Greek Special Ambassadors or even resident diplomats. They should, therefore, be included in invitations to any entertainments I may give in honor of the Centenary to which all other Special Representatives to the Centenary and resident diplomats are invited. This would in no way imply recognition of the Governments of those two countries.

HUGHES

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[23] The four speeches made by the Secretary of State were published in *Addresses in Brazil Delivered by the Hon. Charles Evans Hughes, Secretary of State, September, 1922* (Washington, The Pan American Union, 1922).

[24] For papers relating to the question of the recognition of the Mexican Government, see vol. II, pp. 639 ff.; of the Greek Government, *ibid.*, pp. 409 ff.

033.1120 H 87/68 : Telegram

The Secretary of State to the Acting Secretary of State

RIO DE JANEIRO, *September 7, 1922—8 p. m.*
[Received 11:35 p. m.]

49. Mission will terminate night of 11th. Porter, General Bullard, Miss Bullard, Goodwillie and Miss Herman will remain.[25] I will return with the rest of mission on the *Maryland* probably sailing morning 12th. I assume that no arrangement has been made with Shipping Board which would expose Government to any expense by reason of the cancelation of reservations *American Legion*. Please inform Secretary of the Navy.

HUGHES

[25] The Department was informed, in telegram no. 54, Sept. 9, 1922, 10 p. m., from the Secretary of State, that apart from the return voyage, the expenses of the members of the mission remaining in Brazil were not to be chargeable to the Government.

BULGARIA

REJECTION BY BULGARIA OF A DRAFT TREATY PROPOSED BY THE UNITED STATES

711.74119/1 a,—

The Secretary of State to the Minister in Bulgaria (Wilson)

No. 1 WASHINGTON, *December 9, 1921.*

SIR: As you are aware the Treaty of Neuilly was signed on November 27, 1919 by the representatives of the Governments of the United States and Bulgaria.[1] This Treaty, however, was not ratified on the part of the United States. It has, therefore, been deemed expedient, in view of the desirability of promoting friendly relations, as well as to encourage commercial intercourse between the two countries, to conclude a treaty between the two countries which shall embody such portions of the Treaty of Neuilly as would seem appropriate to the accomplishment of the above mentioned purposes. The draft of such treaty is herewith transmitted to you.

You are directed to present this draft to the Minister of Foreign Affairs of Bulgaria for the consideration of his Government, and should it be found acceptable to that Government, you will sign the treaty with the Bulgarian plenipotentiary. The President's full power authorizing you to do so is enclosed.[2]

Should any modifications in the draft be proposed by the Bulgarian Government, you will submit them to the Department for its consideration and await its reply.

I am [etc.] CHARLES E. HUGHES

[Enclosure]

Draft of Treaty with Bulgaria

The United States of America and Bulgaria, desiring to promote friendly relations and to regulate commercial intercourse between the two countries, and believing that this may be accomplished through an agreement with regard to the treaty of Neuilly which was signed on November 27, 1919, and came into force according to the terms of its Article 296 but has not been ratified by the United

[1] Text printed in S. Doc. 7, 67th Cong., 1st sess.
[2] Not printed.

States, have resolved to conclude a treaty for that purpose, and to that end have named their plenipotentiaries;

The President of the United States of America: . . . . . .

. . . . . .

and

Bulgaria: . . . . . .

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

Bulgaria undertakes to accord to the United States, and the United States shall have and enjoy, all the rights and advantages stipulated for the benefit of the United States in the Treaty of Neuilly which the United States shall fully enjoy notwithstanding the fact that such Treaty has not been ratified by the United States. The United States, in availing itself of the rights and advantages stipulated in the provisions of that Treaty, will do so in a manner consistent with the rights accorded to Bulgaria under such provisions.

ARTICLE II

With a view to defining more particularly the obligations of Bulgaria under the foregoing Article with respect to certain provisions in the Treaty of Neuilly, it is understood and agreed between the High Contracting Parties:

(1) That the rights and advantages stipulated in that Treaty for the benefit of the United States, which it is intended the United States shall have and enjoy, are those defined in Parts IV, VII, VIII, IX, X, XI and XIII;

(2) That the United States shall not be bound by the provisions of Part I of the Treaty of Neuilly, nor by any provisions of that Treaty including those mentioned in paragraph (1) of this Article, which relate to the Covenant of the League of Nations, nor shall the United States be bound by any action taken by the League of Nations, or by the Council or by the Assembly thereof, unless the United States shall expressly give its assent to such action;

(3) That the United States assumes no obligations under or with respect to the provisions of Part II, Part III, Part VI and Part XII of that Treaty;

(4) That, while Bulgaria consents to the participation of the United States in any and all Commissions established under that Treaty or any agreement supplemental thereto, the United States is not bound to participate in any such commission unless it shall elect to do so;

(5) That the periods of time to which reference is made in Article 296 of the Treaty of Neuilly shall run, with respect to any act or election on the part of the United States, from the date of the coming into force of the present Treaty.

ARTICLE III

The present Treaty shall be ratified in accordance with the constitutional forms of the High Contracting Parties and shall take effect immediately on the exchange of ratifications which shall take place as soon as possible at Sofia.

In witness whereof, the respective plenipotentiaries have signed this Treaty and have hereunto affixed their seals.

Done in duplicate in Sofia, this . . . . . day of . . . . . 192 . . .

711.74119/5

The Minister in Bulgaria (Wilson) to the Secretary of State

No. 30 SOFIA, *February 13, 1922.*

[Received March 9.]

SIR: I have the honor to report that the Department's instruction No. 1 of December 9, 1921, was received on December 31st, and the draft of the treaty contained therein was immediately submitted to the Bulgarian Foreign Office for its consideration.

In the first conversation which I had on this subject with Mr. Stambolisky, the Prime Minister and Minister for Foreign Affairs, he seemed much pleased with the idea, and especially enthusiastic at the prospect of having an American member on the various commissions provided for by the Treaty of Neuilly. He told me later that the treaty had been discussed in the Council of Ministers, and approved in principle.

A few days ago, however, Mr. Kissimoff, who—as the Prime Minister speaks no language but Bulgarian—represents the latter in dealing with the foreign representatives, asked me to come to the Foreign Office as he wished to talk over with me certain matters connected with the proposed treaty.

At this interview he began by repeating what the Prime Minister had previously said, viz, that in principle the Bulgarian Government approved the treaty, but he went on to say that in the draft submitted by me, all the clauses in the Treaty of Neuilly favorable to the United States had been retained, and all those favorable to Bulgaria, omitted. This he said would certainly arouse opposition when the treaty came before the Sobranje for discussion, and might even bring about its defeat, as many persons would say,—and with

some justice—that as the United States and Bulgaria had never been at war, there was no need of any such treaty as that proposed unless Bulgaria were to draw some advantages therefrom.

Mr. Kissimoff said that Bulgaria had accepted the hard conditions imposed upon her by the Treaty of Neuilly, and was carrying them out loyally on her side, but that the only two conditions in any way favorable to Bulgaria, viz, an outlet on the Aegean Sea (Article 48), and the Protection of Minorities (Section IV), were not being fulfilled by the other parties to the Treaty.

He inquired therefore whether I did not think that in the proposed treaty between the United States and Bulgaria, the Department would be willing to insert a clause whereby the United States would promise its diplomatic support in securing the execution of these two clauses of the Treaty of Neuilly. The insertion of such a clause, he stated, would remove any objections which might be raised in Parliament, that Bulgaria had nothing to gain by the proposed treaty, and that the United States alone drew all the advantages therefrom.

I replied to Mr. Kissimoff, that I would of course refer to my Government any suggestions he might wish to make, as soon as he submitted them to me in a concrete form, but that I could not hold out any hope that any suggestion of such a nature as that just proposed, would be found acceptable by the Department. I explained to him that all political and territorial clauses had been purposely omitted from the proposed treaty, as not being in accord with the policy of the Government, and that I did not believe that any change along this line would be considered.

I then pointed out to Mr. Kissimoff, that the Prime Minister, and he himself, had several times stated that it would be to the greatest advantage of Bulgaria to have an American member on the various Interallied Commissions, especially the Reparations Commission, so that it was not exact to say that Bulgaria derived no advantages from the proposed treaty. He acknowledged this, but said that the United States could not be represented on these commissions unless the consent of England, France, and Italy were previously secured. He believed that this consent would be difficult, if not impossible to secure, and he said that he knew that the Reparations Commission in Sofia would oppose it with all its strength, and urge their respective Governments to take the same position. . . .

Mr. Kissimoff told me yesterday that the Prime Minister had appointed a small commission to study the treaty, and to propose to the United States a modification along the lines mentioned above, viz, securing a clause promising American diplomatic support in the execution of the two clauses mentioned of the Treaty of Neuilly. I repeated that I did not think there was the slightest possibility of the proposal being accepted, but that I would of course send it to

my Government by cable, as soon as he furnished me with the exact wording of the clause which he desired to have inserted.

This telegram will probably be received by the Department within a short time, and doubtless before the receipt of this despatch.[3]

Neither the Bulgarian Government or myself have given any statement about the proposed Bulgarian–American treaty, and the first news of it was received here through an article in the London *Times*. The local correspondent of the *Times* then called on me, and I told him that such a treaty was now under consideration, and was merely following the General policy of my Government in its recent treaties with Germany, Austria, and Hungary. Nothing was asked or said about the clause providing for an American member on the various commissions, and I do not think that this is known outside the Foreign Office. . . .

I have the honor to enclose herewith a translation of an article from the *Echo de Bulgarie*—the semi-official Government organ—of the 11th instant commenting upon the proposed Bulgarian-American Treaty.[4] This is a translation of an article from the *Pobeda*, a newly-established newspaper which supports the present Agrarian Government of Mr. Stambolisky, and so may be taken as expressing the views of the Government.

I have [etc.] CHARLES S. WILSON

711.74119/4 : Telegram

The Minister in Bulgaria (Wilson) to the Secretary of State

SOFIA, *February 23, 1922—2 p.m.*

[Received February 24—6 p.m.]

8. Department's instruction number 1 of December 9th. President of commission appointed by Prime Minister to study the proposed treaty came to me today and stated that Government believes ratification would meet strong parliamentary opposition owing to the fact that as the United States and Bulgaria were never at war there is no immediate justification for a peace treaty based on that of Neuilly which is a consequence of war. He also pointed out that proposed draft retains all clauses favorable to United States and omits all favorable to Bulgaria. He stated willingness of Bulgaria to negotiate separate commercial agreement on most-favored-nation basis and suggested possible willingness of Bulgaria to negotiate also naturalization, extradition, and consular conventions. I believe Bulgaria might possibly accept proposed draft if United States would agree to modifications reported Legation

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[3] No telegram appears to have been received.

[4] Not printed.

despatch number 30, February 13, but I have discouraged any such hope. In my opinion value for the United States of proposed treaty lay chiefly in having American member on inter-Allied commission present composition of which makes commercial relations between the United States and Bulgaria extremely difficult. See my despatch number 32, February 15.[5] I told president of commission that owing to these conditions which could be remedied by proposed treaty I believed Bulgaria might experience some difficulty in securing a loan in America which she intends to try to obtain shortly. Respectfully request earliest possible instructions.

WILSON

711.74119/6 : Telegram

The Secretary of State to the Minister in Bulgaria (Wilson)

WASHINGTON, *May 27, 1922—3 p.m.*

7. Your 8, February 23rd, 2 p.m. If you consider time opportune, Department desires you again to take up draft treaty with Bulgarian Government. You should point out informally that suggestion regarding Article 48 and section IV part III of the Treaty of Neuilly cannot be entertained as it constitutes a departure from this Government's settled practice of non-interference in territorial or political questions affecting European countries, but that if Bulgarian Government should have other modifications to suggest, they may be submitted for the Department's consideration.

With reference to your written despatch No. 30 of February 13th, you should avoid conveying the impression that acceptance of the proposed draft treaty would result in either official or unofficial American representation on reparation or other commissions provided under Treaty of Neuilly. The fact that this country might desire the right eventually to be so represented indicates neither the present intention nor any obligation to take such action.

HUGHES

711.74119/7 : Telegram

The Minister in Bulgaria (Wilson) to the Secretary of State

SOFIA, *June 16, 1922—noon.*

[Received 7 p.m.]

17. Department's 7, May 27, 3 p.m. Have discussed treaty draft with Prime Minister. He is unwilling to negotiate any treaty based on Neuilly and maintains position reported in Legation telegram number 8, February 23rd, 2 p.m. Repeats will try to negotiate separate commercial, naturalization, and consular conventions.

WILSON

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[5] Not printed.

CANADA

RENEWED CANADIAN PROPOSALS FOR THE REGULATION OF FISHERIES[1]

711.428/676

The British Ambassador (Geddes) to the Secretary of State

No. 193 WASHINGTON, *March 16, 1922.*

SIR: In your note of October 17th last[2] respecting the so-called Sockeye Salmon Fishery Treaty you were good enough to point out that, since it seemed certain that the treaty in its present form could not receive the approval of the Senate and therefore could not be ratified, the only practicable course appeared to be to withdraw it. You drew my attention to the very strong opposition to this agreement which existed in the West, particularly on the part of the authorities of the State of Washington. In conclusion, you added that in the existing situation you did not feel that you were in a position to suggest any modifications, the adoption of which would make possible the ratification of the treaty.

The substance of your note I immediately communicated to the Canadian Government. On October 30th the latter informed me that the Canadian Marine and Fisheries Department were, in the circumstances, most anxious to see what could be done to save these fisheries by direct cooperation with the Fisheries Board of the State of Washington. There being no other course possible I agreed that an endeavour to save these fisheries should be made on the lines suggested.

This plan was duly adopted and Conferences between the Fisheries Board of the State of Washington and representatives of the Canadian Marine and Fisheries Department took place at Vancouver on the 12th and 13th of December. Unfortunately it was not found possible to reach any agreement. There was not, it appears, any inability on the part of the parties concerned to agree as to the immediate steps which should be taken, but the Washington State Board found itself unable to give any assurance that fishing would be adequately controlled in the future. Both sides were of opinion

[1] For previous correspondence concerning the regulation of fisheries, see *Foreign Relations*, 1921, vol. I, pp. 288 ff.

[2] *Foreign Relations*, 1921, vol. I, p. 294.

167952—38—vol. I——50

that the conditions were sufficiently serious to justify the stopping of all sockeye fishing in the Fraser River System for at least five years; but the representatives of the Marine and Fisheries Department felt that such a very drastic course should not be taken unless there was some reasonable assurance that, when fishing was resumed, purse-seines—which have proved so destructive—would be eliminated from the waters amongst the islands in the Gulf of Georgia and that trap-nets and gill-nets would be properly regulated.

The wisdom of such provisions can scarcely be doubted. It was not because of any divergence on this point that the conference failed, but because of the inability to give such an assurance as regards the future. The difficulty of so doing is about as great in Canada as in the State of Washington, seeing that Dominion fishery regulations are subject to change by Order-in-Council. Indeed the failure of this conference strongly emphasised the fact that the protection of these fisheries is a matter that can be properly dealt with only by treaty between the two countries.

The course of these negotiations shows clearly that the Provincial authorities of British Columbia are not in a position to deal with this matter by direct negotiations with the authorities of the State of Washington. The failure of a conference at which both sides were in accord as to the measures which should be taken to protect these fisheries would seem clearly to emphasise the necessity for a treaty to deal with this matter and, this being so, it would seem possible that the State of Washington would no longer be disposed to oppose the ratification of the treaty.

I venture therefore to draw your attention again to this question in the hope that you may be disposed to consider the wisdom of presenting the treaty once again to the Senate and I should be grateful if I might be furnished in due course with an expression of your views in regard to this question which, in the light of what I have stated above, appears now to have entered a new phase.

I have [etc.]

(For the Ambassador)
H. G. Chilton

711.428/653

The Secretary of State to the British Ambassador (Geddes)

Washington, *March 28, 1922.*

Excellency: I have the honor to inform you that on June 6, 1921, the Senate of the United States agreed to a resolution requesting the President to negotiate on behalf of the United States a treaty or

treaties for the protection from unnecessary destruction, through wasteful practices, devices and methods of capture, of salmon in the waters of the Pacific Ocean off the coasts of the United States including the Territory of Alaska, and of the Dominion of Canada, beyond the limits of the territorial waters.[3]

The Secretary of Commerce informs this Department that from facts disclosed by the investigation of the Bureau of Fisheries he is led to believe that the regulation of salmon fishing beyond the three-mile limit of the coasts of the United States, Canada and Alaska should be controlled by a treaty, by which the two governments would undertake to prevent the landing of fish taken beyond the three-mile limit and to provide for suitable penalties for attempts to make such landings.

The Secretary of Commerce has brought to the attention of this Department facts which seem to show that cooperative action by the Governments of the United States and Canada for the protection of these deep sea salmon fisheries is desirable.

Fishermen are, by various devices, taking salmon that are distinctly immature. A conservative estimate is that at least 50 per cent of the catch beyond the three-mile limit is of that character. The taking of these immature fish results in great waste. The immature fish which are being taken weigh from five to ten pounds each, while if left until maturity, the weight would run from twenty to twenty-five pounds each. There is also waste resulting from the spoiling of fish, due to the fact that practically all that are taken by trawl or purse seine in the open ocean are feeding, and their stomachs are filled with food. In a comparatively short time after [being] taken from the water, auto-digestion sets in, and the fish soon become soft and take on a disagreeable odor. There is further waste resulting from injury to the fish that are hooked but not landed.

From investigations made, it seems quite certain that salmon do not start for the inland waters until they are mature. Consequently, if fishing of the character indicated is allowed to continue, salmon fishing in the coastal waters will soon be destroyed.

I should be pleased to be informed as to any views which the British Government or the Canadian Government may be disposed to communicate with reference to the conclusion of a treaty with the United States having for its purpose the protection of the salmon fisheries of the Pacific Ocean in waters beyond the three-mile limit off the coasts of the United States, Alaska and Canada.

Accept [etc.] CHARLES E. HUGHES

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[3] *Congressional Record*, June 6, 1921, vol. 61, pt. 3, p. 2136.

711.428/683

The British Ambassador (Geddes) to the Secretary of State

No. 327 WASHINGTON, *April 29, 1922.*

SIR: With reference to the note which you were so good as to address to me on March 28th in regard to the negotiation of a treaty or treaties for the protection of salmon fisheries beyond the limits of the territorial waters, I have the honour to inform you that I have now received a despatch from the Government of Canada setting forth their views in regard to this matter. The Canadian Government share the view of the United States Government that it is necessary for the proper protection of salmon fisheries that they should be adequately controlled beyond as well as within, territorial waters. Both Governments have already agreed that it is essential that they should join their efforts in preserving and building up the salmon fisheries of the Fraser River System, and with that object a treaty was signed as long ago as the 25th May, 1920. This treaty, however, has not yet been ratified by the Senate of the United States, although the fisheries of that System, which admittedly could be made one of the most important to both countries on the Pacific Coast, are rapidly deteriorating year by year. Further, both countries have agreed on the necessity for joint efforts to saving the halibut fisheries of the Pacific Coast and a treaty to that end has been awaiting signature since October, 1919, Canada having on several occasions in the meantime urged that the treaty should be completed. While, therefore, the Canadian Government are prepared to consider details for a treaty for the protection of salmon in extra-territorial waters, they are of opinion that the even more important treaties for the protection of the Fraser River salmon fisheries and of the Pacific halibut fisheries and for the settlement of other matters should first be completed.

I have [etc.] A. C. GEDDES

711.428/684

The British Ambassador (Geddes) to the Secretary of State

No. 337 WASHINGTON, *May 19, 1922.*

SIR: With reference to my note No. 223 of March 22nd [4] relative to the discontinuance of the privileges accorded during the period of the war to Canadian fishing vessels in United States ports, I have the honour to inform you, at the request of the Government of Canada, of the arrangements which they have made in view of the fact that legal authority no longer exists to continue to allow United States fishing vessels privileges conferred by the Order-in-Council of the 8th of March, 1918, under the War Measures Act, which has

[4] Not printed.

now ceased to be effective. The Government of the Dominion have decided for the present year to make available for United States fishing vessels visiting ports on the Atlantic coast of Canada the licenses contemplated by Chapter 47 of the Revised Statutes of 1906, which are usually known as *modus vivendi* licenses. In communicating this information to me the Government of Canada have requested that I should again press upon your attention the desirability, not only of ensuring the proper protection of the salmon fisheries of the Pacific Coast, but also the Fraser River salmon fisheries and the Pacific halibut fishery. It is pointed out by the Canadian Department of Marine and Fisheries that the Fraser River salmon fisheries, which should, in the aggregate, be worth in both countries not less than $30,000,000 annually, under existing conditions are not worth one-third of that amount and are annually rapidly nearing the point of commercial exhaustion. The Pacific halibut fishery, the greatest the world has known, is also in an exceedingly serious condition, it being admitted on all sides that it can be saved only by proper international action. The Government of Canada reiterate their previously expressed opinion that the best interests of both the Dominion and the United States of America would be served by the removal, from the list of unsettled questions, of that of the granting of privileges to the fishing vessels of either country in the ports of the other. They again emphasise the desirability that negotiations for the settlement of all outstanding fishery questions between the two countries should be taken up anew at the earliest possible moment.

I venture accordingly again to draw your attention to these matters in the hope that you may be disposed to urge upon the competent authorities of the United States Government the desirability of reopening negotiations with the Government of Canada at the earliest possible date.

I have [etc.] A. C. GEDDES

711.428/698

The British Ambassador (Geddes) to the Acting Secretary of State

No. 667 WASHINGTON, *August 29, 1922.*

SIR: In my note No. 337 of May 18th [*19th*], in regard to arrangements being made by the Canadian Government to permit the continuance of certain privileges accorded to United States fishing vessels, I had the honour again to bring to Mr. Hughes' attention the earnest desire of the Canadian Government that negotiations for the settlement of all outstanding fishery questions between the United States and Canada should be taken up anew at the earliest possible moment. This matter continues to be one of grave concern to the

Government of Canada and I now have the honour at their request to bring the following representations to your attention.

The Canadian Government have noted with regret that there appears to be little likelihood that the United States Government will find it possible at an early date to arrange for the signing of the draft treaty concerning port privileges of fishing vessels, protection of halibut fishery, lobster fishing, etc., a copy of which was transmitted to Mr. Lansing with Mr. Lindsay's note No. 815 of November 10th, 1919.[5] It will be remembered that Article VII of that draft treaty provides for the protection of the rapidly declining halibut fishery of the Pacific Coast by the enforcement of a close season by the two countries for halibut fishing from the sixteenth of November in each year to the fifteenth of February following, both days inclusive, for a term of years. It further provides for joint investigation into the life history of the halibut as well as for the appointment of a Joint Commission to supervise such investigations and to recommend such modifications in the close season as the information that would be obtained might indicate to be necessary. The report of the International Fisheries Commission on which this draft was based shows that there was remarkable unanimity of opinion amongst those engaging in the different branches of the fishery on both sides of the line, as to the wisdom of this close season, and the experience of intervening years has served to emphasize the urgent need of it, if this fishery, which is of great value to both countries, is to be saved from commercial exhaustion.

The Canadian Government regrets indeed that the United States Government has not found it possible up to the moment to deal finally with this treaty as a whole. In view, however, of the importance to both countries of affording the halibut fishery proper protection and of the fact that there is apparently no difference of opinion in either country as to the wisdom of steps for such protection being undertaken at once, they are anxious to ascertain whether the United States Government is prepared at an early date to enter into a treaty which will deal with the Pacific halibut fishery alone in the manner contemplated by Article VII of the draft treaty, with the modifications in detail necessitated by dealing with it as a separate issue.

It would be superfluous for me again to emphasize the importance to both countries of an early settlement in regard to this matter and I should accordingly be most grateful if you would be so good as to inform me whether this proposal of the Government of Canada is agreeable to the United States Government.

I have [etc.]

(For the Ambassador)
H. G. Chilton

[5] *Foreign Relations*, 1919, vol. I, p. 264.

711.428/704

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *December 14, 1922.*

EXCELLENCY: With further reference to your Embassy's note No. 667 of August 29, 1922, I have the honor to inform you that this Government would be glad to conclude with His Majesty's Government a convention which will deal with the Pacific halibut fishery alone in the manner contemplated by Article VII of the draft treaty concerning port privileges of fishing vessels, protection of halibut fishery, lobster fishing and tariff on fresh fish, which was transmitted to this Department with your Embassy's note No. 815 of November 10, 1919.[6]

Using Article VII of the draft prepared in 1919 as a basis, I have caused to be prepared a draft of a convention for the protection of the Pacific halibut fishery, copies of which are enclosed.[7]

The departure of greatest consequence in the enclosed draft from the proposals with regard to the halibut fishery embraced in Article VII of the draft prepared in 1919 is in the provision in Article I which relates to the disposal required to be made of halibut that may be taken during the proposed close season by fishermen engaged in fishing for other species of fish. It appears to this Government that large opportunity for evasion of the prohibition against fishing for halibut during the close season and escape from the penalties which will be prescribed for violations of the prohibition would exist under the provisions which were proposed in the draft of 1919 permitting halibut taken incidentally while fishing for other species of fish during the close season to be retained and landed and to be sold fresh in the port where landed or to be shipped or transported from the port of landing, provided they are first frozen, canned, or cured. In lieu of these provisions the draft which I herewith present provides in Article I that halibut that may be taken incidentally when fishing for other fish during the season when fishing for halibut is prohibited may be used for food for the crew of the vessel by which they are taken and that any portion thereof not so used shall be landed and immediately turned over to officers of the Department of Commerce of the United States or of the Ministry of Marine and Fisheries of the Dominion of Canada, who will be duly authorized to receive and sell them and required to pay the net receipts into the public treasuries. It is believed that this procedure will operate as an efficient deterrent of evasions of the close season because under it the opportunity for

[6] *Foreign Relations*, 1919, vol. I, p. 264.
[7] Not printed.

private profit by the sale of halibut taken during the close season is removed.

In Article III of the draft transmitted herewith provision is made for the appointment of an international fisheries commission of the character which would have been appointed under Article IV of the Convention for the Protection of the Sockeye Salmon of the Fraser River System and which under the provisions of Article VII of the draft treaty concerning port privileges of fishing vessels, protection of halibut fishery, lobster fishing and tariff on fresh fish would have been charged with the supervision of the investigation of the halibut fishery, if those two proposed conventions had been perfected. It is believed that the provisions of Article III of the draft enclosed herewith for the appointment of this commission and the investigation into the life history of the Pacific halibut fishery meet the suggestions which were made in your Embassy's note No. 667 of August 29, 1922, with reference to the appointment of such a commission and the making of an investigation and in these particulars would carry out the recommendations of the American–Canadian Fisheries Conference, 1918.

By Article I of the enclosed draft, the term after which the close season may be modified or suspended by a special agreement would be three years instead of four as was contemplated by Article VII of the former draft and by Article V the period after which the convention might be terminated on notice by either party would be five instead of fifteen years. It is believed that within the shorter periods the two governments would have available for their consideration the results of the investigations of the joint commission which should aid them in establishing a system of permanent protection of the halibut fishery, and that in general the proposed shorter terms are better adapted to the purposes of a convention dealing with the halibut fishery alone than the longer terms which were accommodated to the conditions concerning port privileges of fishing vessels and other subjects as well as to the halibut fishery.

I should be pleased to be informed of the views of the British and Canadian Governments with reference to the draft which I herewith enclose, and should this draft be acceptable to them to proceed to the signature of the convention at an early date in order that it may, if possible, be submitted to the Senate for its advice and consent to ratification during the present session with a view to establishing the close season in November of next year.

Accept [etc.] CHARLES E. HUGHES

PROPOSAL BY THE UNITED STATES TO PROCEED TO THE NEGOTIATION OF AN AGREEMENT FOR A JOINT PROJECT TO IMPROVE THE ST. LAWRENCE RIVER [8]

711.42157 Sa 29/101a

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *May 17, 1922.*

EXCELLENCY: On January 21, 1920, the Governments of the United States and Canada referred to the International Joint Commission for investigation and report under the terms of Article IX of the Treaty of January 11, 1909, relating to boundary waters, certain questions with respect to the improvement of the St. Lawrence River between Lake Ontario and Montreal for navigation and for the development of water power.[9] The Commission made a report bearing date of December 19, 1921.[10] For convenience I may call attention to the following recommendations which the Commission submitted after setting forth the results of its investigation:

"In harmony with its conclusions as outlined in the foregoing report the commission recommends:

(1) That the Governments of the United States and Canada enter into an arrangement by way of treaty for a scheme of improvement of the St. Lawrence River between Montreal and Lake Ontario.

(2) That the New Welland Ship Canal be embodied in said scheme and treated as a part thereof.

(3) That the proposed works between Montreal and Lake Ontario be based upon the report of the engineering board accompanying this report, but that before any final decision is reached the report of the board, together with such comments, criticisms, and alternative plans as have been filed with the commission be referred back to the board enlarged by other leading members of the engineering profession, to the end that the whole question be given that further and complete study that its magnitude and importance demand, and that after completion the administrative features of the improvement be carried out as set forth in recommendations 7 and 8 hereof.

(4) That there shall be an exhaustive investigation of the extent and character of the damage through flowage involved in the plan of development finally adopted.

(5) That, assuming the adoption of the plans of the engineering board, or of other plans also involving a readjustment of the international boundary, in order to bring each of the power houses on its own side of the boundary, appropriate steps be taken to transfer to one country or the other, as the case may be, the slight acreage of submerged land involved.

(6) That Canada proceed with the works necessary for the completion of said New Welland Ship Canal in accordance with the plans already decided upon by that country.

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[8] For previous correspondence concerning the St. Lawrence waterway, see *Foreign Relations*, 1920, vol. I, pp. 409 ff.

[9] See *ibid.*, p. 413 (footnote 26).

[10] Printed in S. Doc. 114, 67th Cong., 2d sess.

(7) That such 'navigation works' as do not lie wholly within one country or are not capable of economic and efficient construction, maintenance, and operation within one country as complete and independent units, be maintained and operated by a board hereinafter called 'the International Board,' on which each country shall have equal representation.

(8) That such 'navigation works' as lie wholly within one country and are capable of economic and efficient construction, maintenance, and operation as complete and independent units be maintained and operated by the country in which they are located with the right of inspection by the said international board to insure economy and efficiency.

(9) That 'power works' be built, installed, and operated by and at the expense of the country in which they are located.

(10) That, except as set forth in recommendation (11), the cost of all 'navigation works' be apportioned between the two countries on the basis of the benefits each will receive from the new waterway: *Provided*, That during the period ending five years after completion of the works—and to be known as the Construction Period—the ratio fixing the amount chargeable to each country shall be determined upon certain known factors, such as the developed resources and foreign and coastwise trade of each country within the territory economically tributary to the proposed waterway, and that that ratio shall be adjusted every five years thereafter and based upon the freight tonnage of each country actually using the waterway during the previous five-year period.

(11) That the cost of 'navigation works' for the combined use of navigation and power over and above the cost of works necessary for navigation alone should be apportioned equally between the two countries."

It will be observed that the Commission recommends that an arrangement be entered into by way of a treaty for a scheme of improvement of the St. Lawrence River between Montreal and Lake Ontario, and that the works contemplated by such arrangement be based upon the report of the Board of Engineers which accompanied the report of the Commission.

The Board of Engineers submitted specific recommendations with regard to the improvement of navigation and the development of water power. The Board's recommendations and discussions deal with the project in five divisions and comprehend details of construction and estimates of costs thereof. The Board limited itself to the specific investigation entrusted to it with regard to a survey of the St. Lawrence River from Montreal to Lake Ontario. The International Joint Commission has recommended that the New Welland Ship Canal be embodied in and made a part of the project under consideration.

The report of the Joint Commission and the accompanying report of the Board of Engineers have doubtless by this time been considered by the Canadian Government. I am authorized by the President to state that he favors the negotiation of a treaty to be framed

on the basis of the report of the Joint Commission, or such modifications as might be agreed upon, and I should be glad to be informed whether the appropriate British and Canadian authorities are disposed to undertake the negotiation of such a treaty.

Obviously much study would be required to frame a comprehensive agreement to govern the joint operations of the Governments of the United States and Canada with respect to the execution and the financing of the proposed work. Appropriate preliminary studies and investigations could probably be carried on by a joint commission of experts designated by the two Governments and charged with the framing of a *projet* of a treaty.

I venture further to suggest that, if it should not be deemed desirable to formulate in the first instance a treaty embracing a complete plan for the execution and the financing of the project, it might be practicable to conclude a treaty, pledging the two Governments to undertake the execution of the project on the basis of the recommendations submitted by the International Joint Commission, or such modifications as may be agreed upon, and making provision for a joint commission charged with the duty of formulating such a complete plan, which should be subject to the approval of the two Governments prior to the beginning of the work of construction.

I should be glad if you would take the necessary steps to obtain and communicate to me the views of the appropriate British or Canadian authorities with respect to the foregoing suggestions.

Accept [etc.] CHARLES E. HUGHES

711.42157 Sa 29/106

The British Ambassador (Geddes) to the Secretary of State [11]

No. 431 WASHINGTON, *June 3, 1922.*

SIR: With further reference to the note you were so good as to address to me on May 17th, in regard to the St. Lawrence River Improvement Scheme, I have the honour, at the request of the Government of Canada, to inform you of the substance of an approved Minute of the Privy Council for Canada respecting this matter. The competent authorities of the Canadian Government have advised the Governor General that they have not, up to the present, had an opportunity to give to the report of the International Joint Commission, and the accompanying report of the Board of Engineers appointed to examine the subject, that careful consideration which their importance merits. Moreover, having regard to the magnitude of the project and the large outlay of public money involved, the Canadian Government is of opinion that it is not considered expedient to deal with this matter at the present time.

I have [etc.] A. C. GEDDES

[11] The British Embassy had informed the Department by telephone May 31 of the contents of this note.

CHILE

THE TACNA-ARICA QUESTION

(See pages 447 ff.)

CHINA

CIVIL WAR IN NORTHERN CHINA AND THE RESTORATION OF LI YUAN-HUNG TO THE PRESIDENCY

893.00/4185 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *January 9, 1922—7 p.m.*
[Received January 9—2:57 p.m.]

11. New Cabinet reported in my telegram number 4, January 3, 10 p.m.[1] as without popular enthusiasm, encountering fierce opposition from Wu Pei-fu,[2] hostile from the beginning and now exacerbated by the Government's pardoning his Anfuite enemies. Wu in two circular telegrams appeals on popular issue of Shantung to Chinese people North and South to condemn Liang Shih-yi [3] for his subservience to Japan in willingness, so Wu charges, to accept Japanese loan for redemption railway and having wired instructions to Chinese delegates Washington to avert this, Wu declares, of all evils, selling one's country is greatest, and concludes telegram with appeal that Chinese people should rise up and drive away their enemy and further wire to their Washington delegates urging them to stick to their original decision of restoring railway to Chinese control without any connection with the Japanese.[4]

Rumors that Wu is recalling troops from Hupeh.

SCHURMAN

893.00/4191 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *January 15, 1922—9 p.m.*
[Received 11:15 p.m.]

15. My telegram number 11, January 9, 7 p.m., and 429, December 3, 5 p. m.[5] Wu Pei-fu continues attacks on Liang Shih-yi. In

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[1] *Post*, p. 761.
[2] Inspector-General of Hupeh and Hunan.
[3] Appointed Premier Dec. 14, 1921.
[4] For Shantung negotiations, see pp. 934 ff.
[5] *Foreign Relations*, 1921, vol. I, p. 315.

telegram dated 11th he declares that "Premier Liang has telegraphed that [*to?*] the Chinese delegates stating that the demands of redeeming Shantung Railway with Japanese loan and the Sino-Japanese management by the Japanese have been accepted by the Central Government. . . . I am asking for justice in the name of the people and am willing to act as the vanguard."

Evening 13th Liang Shih-yi sent a circular telegram to the people of China declaring that he had never advocated or talked with anyone in favor of a Japanese loan for the redemption of the Shantung Railway, that neither he nor the Cabinet office had ever sent any instructions to the three Chinese delegates at Washington regarding Shantung Railway matters, that he had never advocated the transfer of the Shantung negotiations from Washington to Peking, that the Shantung negotiations have been and still are conducted by the Chinese delegates in Washington and no direct negotiations have taken place in Peking. He says: "We have just received telegraphic reports from our three Chinese delegates indicating that England and America fully understand the character of the wild rumors and know that our original policy regarding the Shantung matter has never been changed and that no direct negotiations have been carried on in Peking. The good offices of England and America have been again given to us but the matter is very urgent and the situation is critical. I therefore would like to give two of my personal views regarding this question: 1. Stand firm for the immediate redemption of the Shantung Railway. The method of doing this is for the Chinese Government and Chinese people to provide the necessary cash. 2. In accordance with the above proposal the Shantung Railway must be redeemed immediately without any conditions whatever and without involving the question of employees."

. . . . . .

Attacks similar to Wu Pei-fu's have been made on Premier by the Tuchuns of Kiangsu, Hupeh and Shensi and also by organizations, newspapers and individuals. Public sentiment when voiced is strongly opposed to Premier and when silent seems apathetic. Reasons are that public is extremely sensitive on Shantung issue, that Wu Pei-fu is much more popular than Chang Tso-lin[6] and that neither Liang's policy nor policies make much appeal to imagination or judgment of public. Liang has confidence of financial and commercial classes and would make good Minister of Finance.

It is now confirmed that on or about 11th instant although exact date cannot be learned Wu Pei-fu sent a telegram to Peking Government stating that he would give Premier Liang three days in which to resign; if he had not resigned at the end of three days he would

[6] Tuchun of Fengtien; Inspector-General of the Three Eastern Provinces.

give him two more days to resign under threat of force. If his resignation had not been tendered at the expiration of five days he, Wu, would drive him out.

It appears probable that Liang will permit Wu to take military steps threatened since if he does so he will necessarily weaken his widely extended line of defense and enable the allies of the Premier to attack Wu more advantageously.

. . . . . .

If Wu expelled present Cabinet it is not likely next Cabinet would be more representative or more stable. If he also drove out President Hsü Shih-ch'ang and put former President Li Yuan-hung in his place to serve out the remainder of his unexpired term, as it is hinted he may try to do, the greatest obstacle to renewal of conference with Southern provinces for reunification of country would have been removed. But in that event North would be divided. For while Wu delegation represent the victorious Chihli party who are now in the cold he would find combined against him Chang Tso-lin and his Fengtien party, Tuan Chi-jui and his Anhwei party, and Liang Shih-yi and the old and new Communication[s] party who in conjunction with President Hsü are responsible for present Cabinet. The price paid for bringing Tuan into this combination was the pardon of the Anfu army leaders which has so outraged Wu Pei-fu. Tuan's support was deemed valuable not only for his Anhwei following but because of his influence in the South.

After all Wu Pei-fu may not march on Peking to win a barren victory over Liang Cabinet. There is a rumor that he and his Chihli party and Yangtze supporters are considering the establishment of a temporary new national government at Nanking with Li Yuan-hung as President and Tsao Kun[7] as Vice President. A pretense of legality would be sought on the plea that Li Yuan-hung would be merely concluding his unexpired term as President. It is hoped by them that this move would gain the support of the so-called Southwestern Provinces and also Kwangtung under Chen Chiung-ming[8] loan [*sic*]. The prospect of this plan is occasioning some anxiety to Premier Liang. . . .

. . . . . .

Minister of Communication[s] seemed much concerned over the possibility of this Yangtze Government. He wanted American Minister to use good offices with the other Legations concerned to induce them to desist from their present activities which were destined he says to bring about a crisis. He thought that if American Minister would do this tension would be relaxed and the present Cab-

[7] Tuchun of Chihli; Inspector-General, Chihli, Shantung, and Honan Provinces.
[8] Governor of Kwangtung; Commander in Chief of Kwangtung troops; concurrent Minister of War in the Canton Government.

inet could deal satisfactorily with the existing situation. I have and will do nothing in this matter.

I think British hostile to both new Peking and Canton Governments . . ., and favorable to Wu Pei-fu, but if separate Yangtze Government materializes it will be due to more fundamental causes. At present there is much division among the Yangtze Provinces themselves.

As regards immediate future it seems probable despite threats of Wu Pei-fu that Liang Shih-yi will remain in power at least until after the Chinese New Year financial settlements have been made. In virtue of his banking and commercial connections he is generally regarded as the only man who can tide over Government's financial difficulties. Liang is credibly reported as having expressed intention of offering no resistance in case Wu Pei-fu undertook to expel him by force.

Money, disbandment troops, representative government for united country are categories fundamental needs. Washington Conference provides money through increased tariff. Newspapers report Conference committee will adopt resolution on disbandment troops. I renew further recommendation in reference to number 429, December 3, 5 p.m.[11] that Conference urge China to establish political unity of country and put into effect constitutional government with representative institution and lawful elections. I venture to suggest that Conference declare that until these fundamental reforms are in effective operation no Chinese Government can be trusted with additional funds for administrative purposes and that all increases of revenue from tariff channel authorized by Conference shall be used for payment of principal and interest of national debts. A united and representative government is the first and indispensable condition of all other reforms in China and of prosperity of the Chinese people.

SCHURMAN

893.002/71 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *January 22, 1922—11 a.m.*
[Received January 25—11:15 a.m.][12]

20. Wu Pei-fu and Military Governors and Governors Kiangsu, Hupeh, Honan, Kiangsi, Shantung, Shensi wired President 19th demanding dismissal Premier Liang Shih-yi. They say:

"If you, Mr. President, consider that we, Wu Pei-fu and others, are acting unwarrantably in proffering this request, we desire that

[11] *Foreign Relations*, 1921, vol. I, p. 315.
[12] Text printed from corrected copy received about Jan. 27.

you shall remove us from office, that you may be able to look Liang Shih-yi in the face. If you are not able correctly to distinguish right from wrong and if our loyal intentions are thus frustrated we shall take due cognizance of the difficulties of your position and in obedience to the popular will sever all connections with the Cabinet. When necessity arises we will approach the President directly. You, Mr. President, must be fully cognizant whence will come peace, or on the other hand, confusion. The present is a time of stupendous changes and of ever increasing calamities and we, Wu Pei-fu and others, dare not venture to predict what may ultimately happen."

Original Chinese thinly veils contempt for President and also threat. These sentiments freely expressed by Wu Pei-fu to my informant who had long talk with him on day telegram was sent. Wu would like to make clean sweep and in that event would preserve order and let delegates convention determine future government. If President remains Wu's policy will be to put himself at the head of all popular movements in the future.

Premier Liang said evening 21st he would remain in office till after the Chinese New Year and then [apparent omission]. He and Madam Liang issued invitations evening 21st for dinner at Foreign Office February 10th.

SCHURMAN

893.00/4220 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *February 4, 1922—3 p.m.*
[Received February 7—9 : 20 p.m.]

38. Morning papers publish circular telegram sent by Foreign Office to the provinces regarding present status Shantung negotiations which is described under 11 heads, namely, restoration of Kiaochou, Chinese control of customs, Japanese relinquishment of German-acquired rights, return of public property, China's opening of Kiaochou as commercial and residential port, financing railways by international consortium (two heads), withdrawal of Japanese troops and guards, disposition Tsingtau cables and wireless station, Chinese-Japanese control of three mines opened by Germans, and lastly redemption of railway, description of which begins as follows: "After long negotiations and with mediation Messrs. Hughes and Balfour the following stage has been reached", then follows description.

Tuchuns, Shanghai [*Kiangsu?*] and Hupeh have telegraphed Ministry of Communications approving arrangement for return railway. Morning papers also report these Tuchuns and also Chang Tso-lin and Tsao Kun will contribute from their Provinces 3,000,000

each toward reestablishing [*redeeming?*] railway and Tuchuns, Honan, Kiangsi and Shensi, 1,000,000 each.

Reaction setting in in favor of Liang Shih-yi as against Wu Pei-fu. Chang Tso-lin out with effective statement demanding proof of Wu's charges against Liang with covert thrusts at Wu and President and assertion that if every new premier is attacked and driven out of office Central Government will cease to exist and Chinese Nation will perish. Statement of similar purport made by Tuchun [apparent omission]. Business in precarious condition. Shanghai Tls. 38,000,000 behind in New York settlement which is worst showing in its history. Shanghai authorities sent delegate with friendly suggestions this week to Liang Shih-yi whom they had previously opposed on the Wu Pei-fu's charges. Liang told this delegate, who subsequently dined with me, he would not resign and that if he were not dismissed by the President he would grapple with Government's overdrafts which are primary cause of Shanghai troubles. Addis,[13] who arrives here in a few days, dined privately in Tientsin with Liang, the other guests having been named by the Peking manager of the Hongkong-Shanghai Bank.

I learn from inside and absolutely reliable source that Liang and his friends early this week contemplated program of re-unification of Nation, assembling of old Constitutional Parliament and ousting of President Hsü. These planks would all have been acceptable to Canton, and Liang told my informant he was in communication with Chen Chiung-ming, and the pile of telegrams on his table were from him. Immediate radical program seems to have been abandoned in the last few days in favor of program which will save everybody's face . . .

Liang's sick leave extended. Liang was highly incensed because President in granting first sick leave did not express usual good wishes for his speedy recovery but brusquely stated he had secured substitute. If he returns to office events will have strengthened him and weakened President.

SCHURMAN

893.00/4222 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *February 8, 1922—9 p.m.*
[Received February 12—11:43 a.m.] [14]

40. My 38, February 4, 3 p.m. President has sent reply to Chang Tso-lin saying that Cabinet was formed because Chang and Tsao Kun agreed to it and not because of any previously formed pur-

[13] Sir Charles Addis, representative of British banking group.
[14] Text printed from corrected copy received about Feb. 21.

pose of the President himself and that Shantung matter having been twice explained by Liang Cabinet no further explanation is necessary and Chang is requested to determine in direct consultation with Tsao what measures must now be taken.

Chang holding conference Mukden and Tsao and Wu Pei-fu at Paotingfu in regard to Cabinet. Crisis continuing difficult yet neither wants to fight partly for military reasons and partly because Liang does not make a popular issue for Chang nor the Chihli party for Wu.

At noon today Liang stated privately that while preferring to resign he would not take any action before the 13th and that plans for ousting President had been perfected.

Unless Government grapples with fundamental issues of reunion of provinces and financial rehabilitation Cabinet changes matter little. More changes more the same thing.

SCHURMAN

893.00/4239 : Telegram

The Minister in China (Schurman) [15] *to the Secretary of State*

PEKING, *February 28, 1922—5 p. m.*
[Received March 3—10:25 a.m.]

71. Political deadlock continues. Premier Liang continues nominal sick leave and all government by departments [*sic*] becoming daily more hopelessly embarrassed financially. Rumored that C. C. Wu,[16] son of Wu Ting-fang,[17] is in Mukden conferring with Chang Tso-lin in the hope of reaching understanding between latter and Canton for joint attack on Chihli party if necessary, especially Wu Pei-fu. Chang credibly reported within the month furnished Sun Yat-sen [18] about $2,000,000. Members of old Parliament in North have published manifesto demanding reconvocation of that Parliament and Legation credibly informed Liang intends, with the cooperation of Sun Yat-sen, to stamp [*recall?*] old Parliament for alleged constitutional ousting of the present President, possibly electing Tuan Chi-jui.[19] Usual Chinese suspicions that Japanese are backing Tuan with the object of keeping China in turmoil. President has issued long circular telegram assuming sole responsibility

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[15] Minister Schurman was absent from Peking on a tour of inspection to the coast cities of China, Feb. 24 to Apr. 15, 1922, leaving A. B. Ruddock in charge. Telegrams from the Legation during this period are, however, signed "Schurman".

[16] Vice Minister of Foreign Affairs, Canton Government.

[17] Minister of Foreign Affairs, Canton Government.

[18] President of Canton Government.

[19] Former Premier and leader in Anfu Club.

Cabinet appointments and urging all officials and citizens unite in unifying country and carrying out decisions of Washington Conference. Telegram also declares that public is disgusted with military operations and exhorts military and civil officials everywhere head popular demand for peace. Message is said to have been forced from the President by pressure from Chang. In spite of current rumors to the contrary, information from military and confidential sources indicates compromise may be effected that will defer action.

SCHURMAN

893.00/4241 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *March 3, 1922—4 p.m.*
[Received March 6—10:02 a.m.]

77. Yen [20] in an interview first stated Cabinet crisis still without solution in sight; Liang had been granted extension leave to March 10th, a total of 47 days. President still considered it unnecessary to renew these extensions as indefinite leave originally granted but Liang insisted. Yen confirmed reports of presence of C. C. Wu at Mukden, also the appearance van of Sun Yat-sen's forces near Changsha but claimed these to be part of recruiting parties. Stated Wu Pei-fu had reported himself prepared to withstand Sun's attacks; were probably delayed on account of reported sickness Sun. Yen estimated Sun's attacking army at about 10,000 men. Yen declared Peking Government not desirous of attacking anyone but would defend itself against aggressive acts. Claimed Liang reliably reported from other sources as absolutely refusing to resign; he must therefore feel assured of support of Chang Tso-lin.

It is presumed that Government's appeal to various provinces for military aid against Sun refused by all but Military Governor, Kiangsu [*Kiangsi?*]. Latter's position is endangered by threatened incursion into Kiangsi.

SCHURMAN

893.00/4248 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *March 8, 1922—4 p.m.*
[Received March 9—7:55 p.m.]

87. Peking Government has for the time being virtually ceased to function; Premier is still in Tientsin, his position unchanged. The

[20] W. W. Yen, Chinese Minister of Foreign Affairs.

Minister of Communications is in Tientsin or Mukden plotting in Fengtien-Chihli dispute. Minister of Education refused to assume that office on account of financial difficulties of his Ministry. Minister of War is at Mukden intriguing for the support of Chang Tso-lin to secure Premiership; Minister and Vice Minister of Finance have tendered resignations and gone to Tientsin, and Ministry of Finance is practically non-operative. See my 86, March 8, 1 p.m.[21]

SCHURMAN

893.00/4253 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *March 15, 1922—7 p. m.*
[Received March 17—10:30 a. m.][22]

104. Liang's leave extended 20 days. Chances of Pao Kuei-ching[23] for the Premiership apparently increasing although press alleges Chang Tso-lin desires to maintain Liang during Chang's negotiations with Canton Government because of financial position of Liang. Pao is favored by Wu Pei-fu.

Wu Pei-fu urges trial of Minister of Finance Chang Hu on the ground of the proposed ninety six million salt surplus loan.

Chang Tso-lin has made preparations for prompt movement of troops. Representatives of all Northern factions assembled at Mukden on the occasion of his birthday. C. C. Wu left Mukden on the 8th after 10 days' visit.

Teachers in primary schools besieging Ministry of Education for back pay.

President has published circular telegram pointing out expiration of his term next year and urgent necessity for election new Parliament to elect successor.

SCHURMAN

893.00/4256 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *March 25, 1922—4 p. m.*
[Received March 30—10:50 a. m.]

119. One division and one mixed brigade Chang Tso-lin's troops reliably reported to have left Mukden for stations on Tientsin–Mukden Railway and places in environs of Peking. Also reliably informed that Liang Shih-yi intends to resume office when all Peking

[21] Not printed.
[22] Text printed from corrected copy received about Mar. 21.
[23] Chinese Minister of War.

is thus guarded. This movement is declared by Chinese in confidence of Marshal Chang to be first step in the military elimination of Wu Pei-fu. No armed opposition is anticipated in Chihli Province unless Wu sends troops from Honan and hence for the present probably no fighting near Tientsin or Peking. Total Manchurian force prepared for expedition reported to be 70,000 men, present movement represented to public simply as increase of Manchurian garrison at Peking.

SCHURMAN

893.00/4279 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 2, 1922—4 p.m.*
[Received April 6—1:25 p.m.]

127. The following is from Canton:

"April 1, 8 p.m. C. C. Wu informs me it was decided at Mukden, Sun to be President, Tsze [*Tuan?*] Vice President with elimination of undesirable Anfu element, Government to be formed on federal lines, new Parliament to take the place of old Parliaments, Chang to support Sun with Liang as Premier. Hsü and Wu Pei-fu must accept or be eliminated." (signed) Huston.[24]

SCHURMAN

893.00/4280 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 3, 1922—9 p.m.*
[Received April 6—11:45 a.m.]

128. Following telegram has been received from Harbin:

March 30, 5 p.m. Fifty-two cars Fengtien troops from railway zone will leave Harbin today at 6:10 p.m. for Changchun. Expected 15 or 20 additional troop trains will be sent south within next two weeks. Rumored in Harbin over-issue bank Three Provinces notes will be made finance campaign.

SCHURMAN

893.00/4284 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 6, 1922—3 p.m.*
[Received April 12—11:14 a.m.]

135. Political deadlock unchanged, Liang's leave extended 20 days more. Barton, Chinese secretary, British Legation, visited Wu Pei-fu recently. Reports Wu in retirement engrossed in routine training

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[24] Jay Calvin Huston, vice consul at Canton.

his pet division of about 10,000 men who appeared excellently prepared and able dispose of double their number of ordinary forces. Wu not contemplating any aggressive, unprovoked move against Chang or Sun. He would, however, resist any effort by Sun to occupy Hankow as that would too greatly embarrass Wu's position. Wu's political ideas simple, honest, unsophisticated. He thinks if honest Ministers of Finance and Communications are put in office the rest relatively unimportant. He asks really but to be left undisturbed.

At press dinner given by Chang recently Chang expressed rather threatening language *vis-à-vis* Wu but it is believed that nothing will eventuate in the near future. W. W. Yen firmly predicts no fighting.

SCHURMAN

893.00/4291 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 13, 1922—10 p.m.*
[Received April 13—8:45 p.m.]

149. Chow Tzu-ch'i assumed office as Acting Premier 9th instant, meanwhile Chang Tso-lin occupying with troops Peking–Mukden Railway including stations named in protocol, article 9,[25] also Tientsin–Pukow line as far as Tsangchow. Eleven train loads troops detailed Chünliangcheng, 18 miles southeast of Tientsin and same number Liangwangchuang 38 kilometers south of Tientsin on Pukow line. Reliable information high authorities Paotingfu indicates imminence fighting. Unexplained fighting already occurred Honan between troops Wu Pei-fu and Governor Ch'ao T'i.

Diplomatic body today addressed warning based on article 9 protocol against reported intention Chang occupy railway stations Tangku and Chinwangtao.

Chang's object appears to be reinstatement Liang Shih-yi and Yeh Kung-ch'o which Wu Pei-fu obstinately opposes. Chow very dissatisfied with his own position and unlikely remain as Acting Premier long unless Liang can be transferred to some face-saving post and his appointment made permanent. His motive appears to be patriotic desire to rescue China from present dangerous situation if possible, but he feels hopeless owing to lack of money and authority. His primary object to prevent fighting and he professes to be hopeful of success. He will attempt no fundamental constructive measures until Premier question settled, but he will not act as puppet of any military or political faction to secure Premiership.

SCHURMAN

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[25] *Foreign Relations*, 1901, app. (Affairs in China), p. 316.

893.00/4304 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 24, 1922—4 p.m.*
[Received April 24—1:45 p.m.]

164. No fighting so far reported, railway service suspended excepting Peking–Mukden where deranged. Business standstill, prices provisions advancing.

Chang and Wu exchanging telegrams. President telegraphed both on 21st urging peace. Public opinion against Chang for invasion of Chihli and use of force to accomplish unification. General belief Wu will win if fighting comes because he is better general and has best army, occupies best strategic position, and has most support. Chang, in spite of his boast to me in Mukden, gets no support. Other tuchuns either with Wu or neutral.

Diplomatic body on April 13th voted that right to occupy certain points railway conceded in article 9 of the protocol of 1901 is an exclusive right and that occupation of same by Chinese armed force is violation protocol.

Prospect of adjustment without fighting has improved but at one or two points rival armies very close together and conflict might be precipitated, also Wu very short of money levying on the country and cannot long delay action or settlement.

British and French Ministers and Japanese Counsellor in the absence of Obata on my invitation met here 22nd to consider situation and measures of protection. We telegraphed commanders in Tientsin to consult and report. I brought up question of having naval vessels and question of issuing statement by diplomatic body expressing hope as in 1920 that neither party would [omission] troops to Peking. These questions being further considered at conference 23rd held in British Legation, it was agreed to favor last and to communicate individually with naval authorities regarding first. French naval vessel coming soon and probably British.

Emissary of President called on me later and said that it was hoped diplomatic body would take action regarding exclusion of troops from Peking.

[Paraphrase.] It is my recommendation that a cruiser be sent to Chinese waters and that 150 men be landed at Tangku if possible to come unarmed to Peking on leave to be kept at Legation Guard here where arms are available. Military and naval attachés recommend this measure which follows the precedent of 1920. [End paraphrase.]

Following from consulate general at Canton:

"April 23, noon. Northern expedition via Kweilin has been abandoned, still hope to proceed through Kiangsi via Shiuchow. Sun

has returned to Canton; Chen has left Canton for Waichow with troops after resigning office. Wu Ting-fang Acting Governor.["]

SCHURMAN

893.00/4306 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 25, 1922—5 p.m.*
[Received April 25—10:54 a.m.]

167. My 164 paragraph 5. Counsellor Japanese Legation called afternoon 24th and expressed gratification at conferences held here and in British Legation of which he had sent report to Tokyo. His Government instructed him to state to me and other conferees its policy was one of no interference coupled with such free and frank exchange of views and concerted action.

SCHURMAN

893.00/4366 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 25, 1922—8 p.m.*
[Received May 18—5:51 a.m.] [26]

170. I have telegraphed to consuls throughout China to ascertain if any anti-foreign sentiment has developed. Replies all negative except Kalgan, Harbin, Canton. In Harbin cause local not national. At Canton consul had a report from missionaries and commercial men in Delta that anti-foreign feeling existed but could not give a concrete example. No indication Peking anti-foreign agitation apart from anti-Christian agitation which regarded less as anti-foreign outbreak than as reassertion of Chinese civilization versus occidental with intoxication of radical scholars and scientists some of them half-baked with ferment of western methods of investigation and criticism.

SCHURMAN

893.00/4304 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *April 26, 1922—3 p.m.*

98. You are advised as follows in reply to your telegram no. 164 of April 24, 4 p.m.

Arrangements are being made by the Navy Department, in accordance with your suggestion, to land men for reinforcements to the Legation Guard.

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[26] This telegram bears the annotation: "Repeated, delayed by radio."

Department's no. 180 of July 16, 1920, 2 p.m.,[27] will guide you on question of effort of diplomatic corps to prevent military operations about Peking.

What significance is there in the resignation of Chen?

HUGHES

893.00/4308 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *April 26, 1922—5 p.m.*

[Received April 26—9:28 a.m.]

172. Seventh paragraph my 164 of April 24. Admiral Strauss[28] sailed from Manila yesterday on *Huron* for Chinwangtao. U.S.S. *Albany* is expected at same port tomorrow noon bringing 175 officers and men to reinforce Legation Guard. This will bring strength of guard up to 525.

SCHURMAN

893.00/4312 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 28, 1922—9 p.m.*

[Received April 28—3:22 p.m.]

176. Your 98, April 26, 3 p.m. Referring to the Department's number 180, July 16th, 1920. I have to report that one reason which strongly influenced diplomatic body to revive now its note to Chinese Government of July 8th, 1920,[29] which it did on April 26th, was that such action at the present time would not be open to the charge of partisanship as it might be if taken after hostilities had actually occurred. Diplomatic body gives notice that Chinese Government will be held responsible for damage to persons and properties of their nationals and then adds "the diplomatic body express, therefore, the hope that strictest measures will be taken to avoid the entry of armed troops into Peking and the use over the city of bombarding aeroplanes."

Chinese Government not siding with either party and seeking peace. First, Ninth and Thirteenth Divisions now stationed near

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[27] *Foreign Relations*, 1920, vol. I, p. 443.

[28] Rear Admiral Joseph Strauss, Commander in Chief, U. S. Asiatic Fleet.

[29] See telegram no. 53, July 28, 1920, from the Minister in China, *Foreign Relations*, 1920, vol. I, p. 456.

Peking as well as *gendarmerie* and police neutral in controversy and supporting Government.

About 800 Americans now living in and about Peking outside of Legation quarter.

SCHURMAN

893.00/4314 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 29, 1922—3 p.m.*
[Received April 29—9:20 a.m.]

177. I recommend that regiment at Tientsin be brought up to strength authorized in new organization which would require an addition of 375 men. This is recommended by commander expeditionary force, military attaché and naval attaché.

SCHURMAN

893.102Ic/30 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 29, 1922—4 p.m.*
[Received May 22—10:30 a.m.]

179. My despatch number 45, September 29th, 1921.[30] On April 26th diplomatic corps, in consequence of movement of Chinese troops in the provinces, reminded Chinese Government of dean's note August 30, 1921,[31] and reaffirmed the position that foreign powers will insist that Chinese Government hold higher military authorities personally and individually responsible for damage to foreign interests, by action or failure to act, of their respective troops in territory under their protection.

SCHURMAN

893.00/4317 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 29, 1922—5 p.m.*
[Received April 30—4:17 a.m.]

180. Fighting began 28th, near Machang, 40 miles southwest Tientsin. Chang Tso-lin forces claim victory over Twenty-sixth Chihli or part thereof and capture of Machang. Chang Tso-lin himself is at Chünliangcheng. To-day general fighting has begun between Peking–Hankow and Tientsin–Pukow Railways following line Kuanhun River

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[30] *Foreign Relations*, 1921, vol. I, p. 516.
[31] *Ibid.*, p. 517.

and Machang. Nearest point to Peking is three miles south of Changhsintien. Artillery audible in Peking since early morning. Have instructed Americans to come into Peking from race course and western hills.

Additional contingent 23 marines and 127 bluejackets and 6 officers ex-*Albany* [from] Chinwangtao have reached Peking.

I am suggesting to Admiral Strauss advisability of sending gunboat to Tientsin account large American interests there calling for protection.

. . . . . .

SCHURMAN

893.00/4314 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *April 29, 1922—6 p.m.*

105. Considering the debate recently held in Congress with relation to the use of American troops in foreign countries, unless it is absolutely demanded by conditions, the Department is reluctant to give authority for an increase in the present contingent. Make a specific report as to the reasons for the requested increase. State whether the lives and property of Americans are endangered or are likely to be.

HUGHES

893.00/4316 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *April 29, 1922—7 p.m.*

[Received April 30—12:36 a.m.]

182. Diplomatic body met this afternoon and instructed foreign commandants in Tientsin to adhere "as far as lies within the power of the foreign commandants" to the resolutions of the diplomatic body regarding military occupation of the railway from Peking to Shanhaikwan of January 26, 1912; see MacMurray,[32] volume 1, pages 318 to 319.

The phrase in quotation marks above was inserted to meet my objection to resolution 4 which provides for resistance by the combined forces of the powers.

SCHURMAN

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[32] John V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China*, 1894–1919 (New York, Oxford University Press, 1921).

893.00/4320 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 1, 1922—11 p.m.*
[Received May 2—2:46 a.m.]

187. Your 105, April 29, 6 p.m. I sent April 30th radio to Admiral Strauss asking whether it would be possible, if he and Colonel Martin [33] agreed, to send marines to strengthen Tientsin regiment in place of soldiers requested in my 177 April 29, 3 p.m. Admiral replies he will arrive Peking evening May 2nd for consultation after having conferred with Colonel Martin at Tientsin.

Assuming it is possible for Admiral Strauss to send marines and assuming that after a consultation here this course is deemed expedient and desirable, I have the honor to inquire whether the Department would authorize the execution of this program.

Controlling reasons for reinforcing Tientsin garrison are protection of American lives and property and joint obligation to keep open railway from Peking to the sea. If Chang's forces are defeated it is believed in view of their character they will get out of hand and loot and Tientsin will be especially exposed. As to keeping railway open the combined forces of foreign nations are, as the diplomatic body has been informed by Tientsin commanders, inadequate for the purpose. Outside Peking United States has 555 officers and men; Great Britain 526; Japan 979; France 1217.

Artillery audible all last night and today in Peking. Opposing forces heavily engaged on northern front. Wu's forces within 14 miles of Peking on Peking–Hankow Railway and attempting northern encircling move around Chang's position at Changhsintien. Heavy artillery firing in the vicinity of Hwangtsun all last night on Peking–Tientsin Railway in which Chang's troops were driven back but Wu's troops did not cross Hun River. Up to date Wu has best of battle and positions of his forces are declared by military men to be strategically sound as opposed to southern front of Chang's forces which have crossed Hun River making an orderly retreat impossible.

SCHURMAN

893.00/4320 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *May 2, 1922—4 p.m.*

108. Your telegram, May 1, 11 p.m., no. 187. If Colonel Martin and Admiral Strauss approve, the Department does not object to

[33] Col. William F. Martin, commanding 15th Infantry, U. S. China Expedition at Tientsin.

the substitution of marines for soldiers called for in your telegram of April 29, 3 p.m., no. 177.

Report any developments of importance, especially any increase by other foreign powers of their military forces and any evidence indicating anti-foreign tendency.

HUGHES

893.00/4329 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 4, 1922—1 p.m.*
[Received May 4—8:05 a.m.]

193. Fengtien forces have evacuated Changhsintien position on the Peking–Hankow Railway and are now retreating on Fengtai closely followed by Chihli troops. Fengtien stragglers have appeared at west gates of Peking but gates closed against them. Other city gates now closed also. An American with the Chihli side has telephoned from Changhsintien that the Chihli troops have also prevailed at Kuan and Machang and are now within 20 miles of Tientsin of which however we have no confirmation.

SCHURMAN

893.00/4330 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 4, 1922—4 p.m.*
[Received May 4—8:55 a.m.]

195. My 193, May 4, 1 p.m. Wu's forces following up their victory over Chang's forces at Changhsintien at 5 o'clock this morning occupied at noon district of Fengtai on Peking–Tientsin Railway. Chang's forces left many dead and wounded and many guns behind.

SCHURMAN

893.00/4331 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *May 4, 1922—6 p.m.*
[Received May 4—1:40 p.m.]

197. Department's no. 108 of May 2. U.S.S. *Huron* is due off Taku at 7 a.m tomorrow. Strauss has given orders for landing of 150 marines with machine guns at Tientsin by tug. U.S.S. *Wilmington* is under orders to proceed to Taku.

SCHURMAN

893.00/4338 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 6, 1922—1 p.m.*
[Received May 6—7:25 a.m.]

202. My 197, May 4th. Marines arrived at Tientsin May 5, 4 p.m.

SCHURMAN

893.00/4342 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 7, 1922—10 p.m.*
[Received May 8—12:58 a.m.]

207. Wu Pei-fu's successful encircling movement at Changhsintien with 5,000 of Christian General Feng's best troops while he kept up his front attack with the rabble untrained soldiers whom he took over from Tsao Kun not only defeated Chang Tso-lin's forces at Changhsintien but led successively to panic, demoralization and complete collapse of Chang's entire army which everywhere fled, sometimes in orderly retreat, sometimes in precipitate confusion and is now scurrying for shelter to Manchuria.

Up to noon 6th over 20,000 troops had passed through Tangshan. Twenty-one trains mostly very long and packed full of soldiers had passed through Tientsin. Later trains stopped before arrival at Tangshan because of congestion in Tangshan, Kaiping and Kuyeh. Under orders of Chang Tso-lin, 7,000 troops had detrained at Kuyeh; they seemed to be out of control and some deserted with their arms. All troops on the railroad appear to be half-starved; efforts are being made at Tangshan to feed them.

Not all of Chang Tso-lin's troops are on Peking–Mukden Railway. Admiral Strauss motoring from Peking to Tientsin on 5th saw column of from 5,000 to 10,000 marching northwards and presumably others took the same route. Others remain between Machang and Tientsin. Still others sought escape by Peking–Suiyuan Railroad. Wu Pei-fu on 5th to 6th proceeded from Fengtai to Tientsin where he still was at noon today. Ten thousand Wu troops are reported to be at Chünliangcheng.

International train after short interruption traffic arrived in Peking from Tientsin evening 6th and report[ed] road undamaged and no Fengtien soldiers anywhere. Regular train left Peking this morning but had not reached Tientsin at 4 this afternoon. Morning train from Tientsin to Peking turned back.

Much apprehension in Tientsin 4th and 5th. Newspapers publish reassuring statement from consular body 6th declaring adequate

measures had been taken by commandants various foreign detachments and by Chinese police authorities to prevent incursions into the foreign settlements including the ex-German and the Russian concessions by armed stragglers from retreating Chinese forces. Major Philoon who returned to Peking from Canton via Tientsin on international train yesterday reports crisis in Tientsin over.

Tientsin and Peking were relieved of danger of incursions of defeated soldiers, first, by Chinese and foreign military forces including police and, secondly, by complete and swift withdrawal of Chang Tso-lin's forces in consequence of the consternation and demoralization which Wu Pei-fu's initial victory spread amongst them. Our reinforcements were a valuable factor in the military protection especially in Tientsin. Military authorities in Peking direct 30,000 Fengtien troops and Foreign Office, declaring Chinese Government had no other funds, applied 6th to diplomatic body for release of customs revenues to feed them and send them home and diplomatic body released $300,000 for purpose.

No intimation of Wu Pei-fu's next move. Report of cutting railroad at Lanchow without confirmation.

SCHURMAN

893.00/4355 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 10, 1922—10 p.m.*
[Received May 10—8:15 p.m.]

212. Mandate issued this afternoon deprives Chang Tso-lin of all offices; another mandate abolishes office of Inspector General of Manchuria.

SCHURMAN

893.00/4359 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 11, 1922—3 p.m.*
[Received 10:11 p.m.]

213. Morning of 10th received following telegram from Colonel Martin: "Recommend that marines here on duty be relieved as the emergency has passed."

After protracted conference with Hutchins,[34] Cheney,[35] Philoon,[36] Ruddock,[37] Peck,[38] in which we reached unanimous conclusion, I told

[34] Comdr. Charles T. Hutchins, naval attaché in China.
[35] Col. Sherwood A. Cheney, military attaché in China.
[36] Maj. Wallace C. Philoon, assistant military attaché in China.
[37] Albert B. Ruddock, secretary of the Legation in China.
[38] Willys R. Peck, Chinese secretary of the Legation in China.

Martin over the telephone that I could not adopt his recommendation, that I would take the responsibility of instructing him to keep marines longer for the reason that although first phase of danger to Tientsin had passed I considered we needed all the American troops we had here to fulfill our international obligation to guard railway in American sector and to protect American lives and property and to assure safety in case of resumption of hostilities; also sent radio to Admiral Strauss on the 10th as follows: "In view of reports from Tientsin I consider it not advisable to withdraw marines from Tientsin at the present time."

Afternoon 10th British Minister came to me with telegrams from American officer at Tangshan dated 8th and 9th to Colonel Martin who had requested British Consul General Tientsin to communicate them to me over British wire. Telegram 8th declared: "Chang does not want to fight but will if not given time enough for orderly retreat." Telegram 9th stated regarding American sector: "Too many bridges, cannot guard them all with my force and think it is too late to send more for this duty but protection of life and property of foreigners warrants all men you can send me." Telegram 9th concludes: "Recommend strong concerted action by foreign ministers insisting that Wu halt advance and Chang withdraw outside of wall." This recommendation Colonel Martin approved in separate telegram 10th.

British Minister also brought identic telegram to him and me sent by our consuls general Tientsin May 10, 3 p.m. in which they "strongly recommend strong pressure be made by foreign ministers to insist on Chang's halt and believe it would now be successful." Conversations had been held with both Wu and Chang.

My British colleague and I rejected this recommendation for the following reasons:

1. Such intervention seemed unnecessary on the ground of humanity.
2. If railway occupied, one and probably both parties would hereafter blame us foreigners.
3. If intervention occurred to stop civil strife it might hereafter involve intervention in Government.

Two hours after we had reached the conclusion above stated we received the President's mandate depriving Chang of all offices, see my 212, May 10, 10 p.m. which confirmed us in the soundness of our conclusion.

Consul general at Tientsin reports that there has been some criticism that America is not doing its full international duty in the present emergency. I telegraphed to Martin May 6, 11 p.m. to cooperate to the utmost with other commandants and aid them to protect their nationals subject to our primary duty to guard railway

and protect American life and property, the military part I must of course leave to his discretion but I have sent Major Philoon this morning to Tientsin to consult both Fuller [39] and Martin and see if anything further can be done and telephone their conclusions to me for final decision. Cable reply received this morning on British wire telegram from Fuller who had seen Wu. Wu stated "he will give Chang opportunity to retire," and adds "if Chang does not retire fighting inevitable and Wu cannot accept blame for loss of life and property." Telegram concludes "all stations up to but not including Tangshan now reported occupied by Chihli troops."

Following received this morning from Mukden: "May 10, 6 p.m. Chang Tso-lin has not returned to Mukden, now at Lanchow [*Lwanchow?*] collecting tyrannized [*sic*] remnants not more than 30,000, Tuchun Sun at Changli with 15,000 men, 15,000 additional troops this side Shanhaikuan, 2,000 troops left Mukden yesterday bound for latter place. Chang evidently determined to make stand where he is. No mail service railway Peking to Mukden. Conditions growing worse here. Normal confidence in Chang still continues, no trouble here at present anticipated."]

SCHURMAN

893.00/4359 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *May 13, 1922—2 p.m.*

121. Your 213 May 11, 3 P.M.

The Department approves your course in avoiding any intervention in the military struggle between the two factions.

HUGHES

893.00/4362 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 13, 1922—8 p.m.*

[Received May 14—12:11 a.m.]

217. My number 213, May 11, 3 p.m. Philoon returned on 12th. Reports that Martin regards protocol phrase "Peking to sea" as indicating now "Peking to Tangku." That may explain delay in posting guards at other points than Tangshan where we now have 100 men and in protesting to Fengtien commanders against there [*their?*] entrenching on the railway.

Philoon urged posting such detachments and Martin informs me today he has sent three additional officers with orders to take portions of Tangshan force to Kuyeh and Kaiping. Their presence

[39] Stuart J. Fuller, consul general at Tientsin.

will produce good effect in guarding road and they will protest if road interfered with.

Evening 11th Philoon delivered the following to Colonel Martin:

"British and American Ministers presume commandants have protested to Fengtien commanders against their entrenching on railway. If they have not done so they are directed to inform Fengtien commanders this regarded as infraction of protocol since if [*it?*] menaces open communications."

I have from beginning of conflict refused to accept view of British and some other Ministers that it was right or obligation of protocol of nations to hold zone two miles each side railway. I could not find it in the treaty and I considered it beyond possibility without international army.

Commandants informed diplomatic body at outset it was impossible to enforce even the resolutions of 1912 [40] with the military forces at their disposal. . . .

Now that Chang Tso-lin's defeated troops have taken up position in American sector close to valuable British mines, above-mentioned zone question has considerable practical importance. British view leads them to expect from our forces more than they have actually attempted. . . . my British colleague now evidently feels we should do something about existence of entrenchments on our sector against which our commandant apparently did not protest at outset. I imagine prompt protest would have made no difference in result and I have refused to go beyond above-cited protest against something that is not actual but only possible obstacle to open communication.

If Wu attacks Chang's forces in their present position latter can, if defeated, cross Lan [*Lwan?*] River, destroy bridge and conduct orderly retreat through Japanese sector into Manchuria. Not only British property interests therefore but universal British partisanship for Wu make British desirous of seeing Chang in less favorable military position.

I have steadily adhered to strict impartiality between the two leaders. I should be glad to be instructed by Department whether the dismissal of Chang from all his offices and obvious adoption of Wu by Chinese Government makes any change in my attitude necessary or desirable.

President's gubernatorial appointees for Manchurian provinces have refused to accept appointment. Circular telegrams have been sent to President and important officials by all associated bodies in Three Provinces headed by provincial assembly opposing mandate ordering Chang's dismissal.

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[40] MacMurray, *Treaties*, 1894–1919, vol. I, pp. 318–319.

Pontius[41] telegraphs May 12, 1 p.m.: "There is no intention now declare independence but conditions may bring about such action."

I learn confidentially that Mukden commissioner of customs telegraphs 12th quoting commissioner in Foreign Office that Wu, one of the President's four appointees, "will proceed Harbin to take control of the Chinese Eastern Railway." Commissioner says "declaration of independence of Manchuria would be not surprising." It is obvious that with independence under Chang, Japan could strengthen her position in Manchuria.

Well-informed observers here suspect Japan is helping Chang. Japanese Minister just returned to Peking secludes himself and secretaries profess ignorance of everything. Japanese commandant Tientsin equally uncommunicative. No one can find out anything about Japanese sector of railway.

Kailan Mining Administration May 12, 4 p.m. wired from Tangshan following telegram received from Chang Tso-lin:

"To all foreign ministers, all foreign consuls and all foreign residents at Tangshan: I have received from Hsü Shih-ch'ang a communication giving away the Three Eastern Provinces with the special area Jehol and Chahar also Inner and Outer Mongolia. All these are not recognized as territories of the Republic of China. I with my special position cannot but assume all the responsibilities thereof and do my utmost to protect the lives and properties of all the friendly nations, cultivating friendly relationship with them. All the important treaties which have been made under the Manchu regime and the Republic of China will be fully recognized and respected. The foreign ministers, the foreign consuls and the foreign residents who wish to conduct negotiations on other matters and affairs can communicate with my office at Lwanchow. I shall therefore have closer commercial relationships than ever before with the friendly nations in order to promote the happiness and prosperity of the peoples. Whatever treaties Hsü Shih-ch'ang will make after the first day of this month with reference to the Three Eastern Provinces and Inner and Outer Mongolia, Jehol and Chahar which do not have any direct permission will not be recognized by me and I shall look upon them as something done with bad intention by Hsü Shih-ch'ang. (Signed) Chang Tso-lin, Commander in Chief of the Fengtien troops."

SCHURMAN

893.00/4363 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 15, 1922—4 p.m.*

[Received May 15—12:12 p.m.]

218. Saw General Wang, commander of defense forces Peking 13th. Says disarming Fengtien troops completed but transporting

[41] Albert W. Pontius, consul general at Mukden.

away not. Danger looting not wholly passed therefore city gates must remain closed some days.

When gates opened bluejacket contingent reenforcing guard should no longer be necessary here; even if Wu should be beaten at Lwanchow by Chang, danger from retreating troops would be at Tientsin not Peking.

Admiral Strauss has withdrawn marines from Tientsin. Informed me Colonel Martin has advised him marines no longer necessary and his own information from Chinwangtao reassuring. Consul General Fuller earnestly desired their retention. Martin did not consult with me. I consider withdrawal premature and strongly urged Admiral to leave marines for the present. In final radio to Admiral 11th I called attention to possibility of resumption hostilities, danger to American lives and property along railway, duty of keeping railway open in American sector, and danger to Tientsin following even partial Chang victory. Admiral notified me 11th he was withdrawing marines on *Huron* and departing with *Huron* for Manila via Shanghai.

Colonel Dunlap who arrived 13th left today by Admiral's orders to meet him in Shanghai.

Am sending Hutchins to Tientsin today. He is to proceed Chinwangtao if possible to get fuller information regarding railway and military situation.

SCHURMAN

893.00/4362 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *May 18, 1922—5 p.m.*

126. Your telegram 217, May 13, 8 p.m.

The Department's understanding is that the only right or obligation of the Protocol Powers with respect to a two-mile zone on either side of the railway is a right of jurisdiction in the matter of crimes and offenses "affecting the railway or the telegraphic communications or the persons and property of soldiers of the allied forces" as specified in the Dean's note of August 2, 1901, to the Chinese Plenipotentiaries. (See *Foreign Relations of the United States*, 1901, Appendix, p. 294.) In connection with the restoration of Tientsin to the Chinese authorities in 1902 the Powers maintaining the Provisional Government of that city restated this understanding in terms which led the Chinese Government to recall attention to the wording of the note of 1901. (See *Foreign Relations*, 1902, particularly pages 199 and 201.)

Your adherence to strict impartiality as between the two leaders accords fully with the Department's view that foreign nations should stand so far as possible aloof from the internal dissensions in China.

HUGHES

893.00/4368 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 20, 1922—3 p.m.*

[Received May 20—3 : 02 p.m.]

225. Your 98, April 26, 3 p.m. Philoon returned 6th, Magruder [42] 18th from Canton, have also recent consular reports. Following is situation:

After failure enter Hunan from Kweilin, Sun Yat-sen at Shiuchow with about 30,000 poorly disciplined, poorly equipped troops again threatening invasion of North via Kiangsi. Told Philoon he dismissed Chen Chiung-ming because Chen did not favor or assist Northern expedition. Chen near Waichow with about 15,000 troops disaffected but not menacing Sun's activities. Kwangsi in the hands of bandits. Governor of Kwangsi now in Canton. Financial situation serious, local notes quoted at 65, municipal administration well run but outlawry and banditry rife in province even to outskirts Canton.

Sun admitted to Philoon withdrawal of support Yunnan and Kweichow. Actually Southern Government exerts no control outside Kwangtung and Kwangtung divided between adherents Chen and Sun holding bitter partisan feeling which, however, not believed likely to become armed conflict.

. . . [Sun] has alienated sympathy of thoughtful Chinese and foreigners but still strong with labor unions and radicals. . . . Sun is a born leader, agitator, firebrand, and is likely to retain following especially as strikes are increasing sympathy. Chen is lawyer, soldier, administrator. Ultimate goal of both is unified democratic China with provincial autonomy. Sun would march straight to Peking with his small and miserable army having sublime confidence in his own ability to establish and rule unified and perfect republic; Chen sees reasonable preparations are necessary. His own program is the political and economical development of Kwangtung and the spread by force of example and proven accomplishment of good democratic provincial governments.

Recent events in North and South have strengthened Chen. Wu Pei-fu and his friends are looking forward to the move of an alliance with Chen but in spite of factional intrigues of the worst

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[42] Maj. John Magruder, assistant military attaché in China.

type in the South the [garbled group] of the Southern cause has prevented armed conflict among Southern adherents and may hereafter prevent substantial alliances of individual adherents with northern leaders. In other words Sun, though weakened by blunders military and financial, may still dictate South's terms of union with North and it is very significant that Huston telegraphs as follows, May 16, 3 p.m.: "Commissioner of Foreign Affairs admits Northern expedition hopeless. Wants to know what terms Wu Pei-fu is prepared to offer. If favorable, thinks he can persuade Sun to accept."

With the victorious Wu advocating constitutional government and unification of China and Sun ready to negotiate, conditions for happy issue of Chinese troubles are more favorable than hitherto. Question is whether China can grasp the opportunity. National treasury empty. . . . No outstanding figure in North and, as regards South, Sun would be impossible as responsible statesman and Chen would scarcely be thought of for President or Premier.

SCHURMAN

893.00/4374 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 24, 1922—1 p.m.*
[Received May 24—9:24 a.m.]

231. My 229, May 23, 7 p.m.[43] American, British, French and Japanese Ministers have informally discussed the present situation here and are sending the following identic telegram to their Governments:

"1. Civil war appears to be nearing an end. Cessation of hostilities will not resolve the situation. The victorious Wu Pei-fu is considered to be no politician and declares his only object is to summon a parliament which should elect a president and frame a constitution. Meanwhile the administration is completely disorganized, the treasury empty, and the worst expedients are resorted to. The first necessity is therefore finance.

2. With the retirement of Chang Tso-lin in the North, and the setback to Sun Yat-sen in the South, there is a better prospect of unification and disbandment than heretofore.

3. The above-mentioned Ministers consider the moment opportune to recommend to their respective Governments that they be authorized at such time, and in such form, and under such conditions as circumstances may render expedient to urge in a friendly manner upon the Chinese Government and people the putting into effect of the resolution number 9 [*10*] adopted by the Washington Conference with respect to the reduction of Chinese military forces and expenditures[44] which, as the preamble thereto indicated, would con-

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[43] Not printed.
[44] For text of resolution, see p. 295.

tribute to political unity, financial rehabilitation, and an effective and stable government.

4. Such friendly suggestion, if it is to produce results, should be accompanied by the offer of financial assistance. This assistance might be given in the first instance on receipt of satisfactory assurances and subsequently on actual compliance with the resolution of the Washington Conference mentioned in the preceding paragraph.

5. Consortium Council, London, May 16th, declared 'administrative loans at present impossible until there is reasonable prospect of stable government'. The four Ministers understand this to imply that administrative loans are possible as soon as reasonable prospect of stable government appears and they believe such prospect now exists.

6. The four Ministers are of opinion that if they wait for China to reform herself it means abandoning her to anarchy and disruption and that even if their friendly suggestion is not accepted they will have lost nothing by offering it."

SCHURMAN

893.00/4378 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 25, 1922—noon.*
[Received May 25—5:53 a.m.]

232. My 228, May 23, 11 a.m.[45] *Albany* reenforcement Legation Guard left to-day.

Chang Tso-lin with 30,000 men entrenching between Chinwangtao and Shanhaikwan and declares will fight. Believe that Wu will soon compel them to follow their comrades beyond wall. That done *Albany* no longer necessary on account civil war.

Huston telegraphs as follows: "May 23, 10 a.m. Ten thousand Chen's troops from Kwangsi stationed outskirts Canton have declared themselves independent and threaten city, demand reinstatement of Chen as Commander in Chief. Wei Pang-ping[45a] wields real power in the city."

SCHURMAN

893.00/4467

The Ambassador in Japan (Warren) to the Secretary of State

[Extract]

No. 227 TOKYO, *May 26, 1922.*
[Received June 15.]

SIR: I have the honor to transmit herewith a statement handed to me on May 16th by Count Uchida, the Minister for Foreign Affairs, outlining the attitude assumed by the Japanese Government with respect to the factional disturbances now taking place in North

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[45] Not printed.
[45a] Commander, Third Division, Kwangtung army.

China. This statement was not telegraphed to the Department, as the Embassy was assured by the local agency of the Associated Press that it would be telegraphed in its entirety to the United States.

. . . . . .

I have [etc.] CHARLES B. WARREN

[Enclosure]

Statement by the Japanese Minister for Foreign Affairs (Uchida)

TOKYO, *May 16, 1922.*

There is no reason to pre-suppose any change in the situation (or the necessity for any change in the attitude or policy of Japan) in Manchuria because of the recent announcement on independence. Of course, the interests of Japan in the Province are very large indeed, and the relations between the Chinese people in Manchuria and the Japanese have been very close for the last fifteen years and have been increasingly cordial. So long as life and property are safeguarded there is no reason why we should anticipate trouble.

Japan remains strictly neutral in every way. We shall give no assistance to either side but will hope for an early adjustment of differences which at present are harmful only to China and China's prestige abroad.

893.00/4386 : Telegram

The Consul at Harbin (Hanson) to the Secretary of State

HARBIN, *May 26, 1922—3 p.m.*

[Received May 27—8:58 a.m.]

Chinese Eastern Railway station agent at Suifenho telegraphs that mutiny occurred among Chinese soldiers at that place morning of May 26th, mutineers in control. Other railway reports state trouble among Chinese soldiers at Muling and Makiaoho stations. Mutineers claim to be supporters Wu Pei-fu. Legation informed.

In case serious trouble develops at Harbin, which I doubt, what would Department's instructions be in regard to requesting Japanese military to protect Americans and American property.

HANSON

893.00/4387 : Telegram

The Consul at Harbin (Hanson) to the Secretary of State

HARBIN, *May 27, 1922—noon.*

[Received 8:44 p.m.]

Chinese soldiers revolt against Chang Tso-lin evidently spreading throughout railway zone. Legation informed.

HANSON

793.94/1348a : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *May 27, 1922—5 p.m.*

50. The Japanese Chargé d'Affaires called May 25 and asked whether the United States had received any intimation to the effect that Japan is assisting any of the factions in China. He was informed that the Department had received unconfirmed intimations to the effect that Japan is supporting Chang Tso-lin. The Chargé then said that he wished to state that Japan is neutral, has not, and will not give any support to any of the warring factions in China.

Repeat to Peking as number 133.

HUGHES

893.00/4397 : Telegram

The Consul at Harbin (Hanson) to the Secretary of State

HARBIN, *May 30, 1922—5 p.m.*

[Received 9 : 54 p.m.]

It appears that Wu Pei-fu's adherents gaining control North Manchuria. Local Chinese military insist that Japanese aiding mutineers. Reported local Chinese merchants favor Wu.

HANSON

793.94/1349 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, *May 31, 1922—11 a.m.*

[Received May 31—9 : 16 a.m.]

90. Foreign Office has given me official statement that Government has decided speedily to withdraw Japanese troops from Hankow. Statement says action is based on policy of respecting the integrity and sovereignty of China and is in keeping with resolutions adopted by Washington Conference.

WARREN

893.00/4386 : Telegram

The Secretary of State to the Consul at Harbin (Hanson)

WASHINGTON, *May 31, 1922—4 p.m.*

Department must necessarily rely largely on the discretion of Consuls, in cooperation with their colleagues, in meeting local emergencies such as contemplated in the last paragraph of your May 26, 3 p.m. While the Department would expect you to take every necessary and proper precaution to protect American lives which might be in jeopardy, requests for aid should be made only to the Chinese

authorities who may employ whatever means the exigencies of the case may demand. Department is opposed in principle to intervention of foreign troops in settling local and factional disturbances in China and only in the greatest extremity where American lives are in imminent danger would you be warranted in accepting an offer of protection from such troops.

Department trusts that Chinese authorities will take the necessary precautions to forestall any local disturbances which might place the lives of foreigners in danger.

Repeat the above to Peking as Dept's. number 136.

Keep the Department and the Legation promptly and fully informed of any important developments.

HUGHES

893.00/4401 : Telegram

The Consul at Harbin (Hanson) to the Secretary of State

HARBIN, *May 31, 1922—5 p.m.*
[Received May 31—3:07 p.m.]

Consular corps to-day personally received assurances from Military Governor Wu that order would be maintained Harbin and railway zone. He brought 1,000 troops with him yesterday and 1,500 additional arrived this afternoon from Shanhaikuan. He plans to send 5,000 troops against 3,000 mutineers and alleged brigands. Harbin quiet but inhabitants worried. Legation informed.

HANSON

893.00/4412 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 2, 1922—4 p.m.*
[Received June 2—10:35 a.m.]

243. My 241, May 31, 9 p.m.[46] President Hsü resigned this morning and left Peking at half past 3 o'clock this afternoon for Tientsin.

SCHURMAN

893.00/4416 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 3, 1922—11 a.m.*
[Received 3:30 p.m.]

244. My telegram number 243, June 2, 4 p.m. Saw Acting Premier Chow Tzu-ch'i yesterday afternoon soon after President's departure.

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[46] *Post*, p. 770.

He said that President had by mandate and in accordance with law ordered Cabinet to administer the duties of the office of President. He expected Li Yuan-hung in few days to take over Presidency.

Li Yuan-hung's return to Presidency has been publicly favored by Wu Pei-fu, Tsao Kun and Chihli party leaders generally. They approve also of re-convocation of old Parliament of which a group of members met June 2nd Tientsin to discuss coming session and also to urge Li Yuan-hung as lawful President to complete his Presidential term. It is assumed that Vice President to be elected will succeed to Presidency and politicians are already supporting and opposing Tsao Kun the eastern boss of the Chihli party and "master" of Wu Pei-fu. It looks as though parliamentary quorum would be impossible without the block of some two hundred members whom Sun controls in Canton. Sun's position meanwhile has been suddenly improved first by Macao trouble, see my telegram number 238, May 29, 6 p.m.,[47] which he is suspected of having stirred up and in which he has won cheap fame by his Government coming forward in defense of the rights of the Chinese people and secondly by his capture in the last few days of Kanchow and Wanan in Kiangsi and his advance on Chian distant from Nanchang 105 miles. These military successes Sun owes to the refusal of Kiangsi Tuchun's troops to fight, their pay being in arrears. But Wu Pei-fu is now despatching reenforcements and Sun should soon be checked. Possession of an indispensable section of members of old Parliament by Sun and his own name will be his most valuable assets when it comes to discussion of plans for reunion. American journalists [garbled group] Chen Chiung-ming are getting together.

Military preparations continue in North. In last five days of May about 10,000 troops passed through Tientsin *en route* to points beyond Tangshan. Intelligence officer American forces Tientsin estimates Wu Pei-fu has now more troops on the railway than Chang Tso-lin has within wall and Wu Pei-fu also has unknown number troops making flanking movement more than sufficient. Intelligence officer conjectures Wu Pei-fu is planning to follow Chang Tso-lin beyond wall.

Chang Tso-lin returned May 30 to Mukden for some days. Some unrest and disorder in Province but Chang's position locally strong and no change anticipated so long as he retains loyalty of his officers. Chang accuses British Minister and British generally of assisting Wu Pei-fu and on June 1st he told five representative British subjects whom he invited to meet him in Mukden that on account of reports of such British assistance his troops had become anti-British and he might therefore be unable to protect British

[47] Not printed.

life and property in Manchuria though he himself doubted truth of report. Pontius considers this another move to bring about intervention.

Though Chang Tso-lin gave a different explanation I suspect the real reason of his visit to Mukden was the defection among his troops in Chinese Eastern Railway zone. He quickly despatched 1,000 then 2,000 then 4,000 additional men. For further details see Stevens' and Hanson's telegrams.

There is general expectation that Wu Pei-fu will be victorious in all military operations. His difficulties will come with politics and finance. In spite of all his declarations to the contrary circumstances will not I suspect permit him to keep hands off.

SCHURMAN

893.00/4417 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 3, 1922—7 p.m.*
[Received June 3—2:38 p.m.]

245. I telegraphed consul Mukden May 26 follows:

"Policy of the United States Government with respect to the present civil war in China is avoidance of any intervention in the struggle, strict impartiality between leaders and in general keeping aloof from any international dissensions.

You are cautioned to avoid any action which in fact or in appearance might not be in strict accordance with the conduct thus prescribed."

Received 11:30 o'clock today following:

"Special delegate for Foreign Affairs has just called and informed me confidentially that Fengtien troops are to be withdrawn to Chinchow. He is authorized by Chang to approach me with a view to mediation. Chang anxious that I proceed to Peking in order to consult with you as to peaceable settlement of the dispute with Chihli faction. Special delegate contends deplorable situation will result if Chang pressed beyond line. He also said people here very anxious for peace and that public opinion would compel Chang to accept such terms of peace as would not imply his political annihilation. Special delegate also said local people are solid for unification and look to you for guidance in or solution of their present trouble. Please reply by telegraph whether I may proceed to Peking."

I replied 2 p.m. as follows:

"Your June 2, 11 a.m. Mediation plan proposed by delegate contravenes policy of the United States Government as communicated to you in my telegram May 26, 1 p.m. No American official is permitted to intervene or take sides either in military strife or plan of settlement. You will therefore remain at your post."

SCHURMAN

893.00/4419 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 5, 1922—5 p.m.*
[Received June 5—9:45 a.m.]

246. Li Yuan-hung replies to Kao En-hung[48] Cabinet that he will resume Presidency if Generals Wu Pei-fu and Tsao Kun will agree to troops' disbandment and abolition everywhere post of Military Governor. Same delegate Kao En-hung proceeding to Paotingfu this morning to present these conditions which it is assumed will be accepted.

SCHURMAN

893.00/4417 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *June 6, 1922—3 p.m.*

141. Your 245 June 3, 7 P.M.

Your telegrams of May 26 and June 3, 2 P.M. to Mukden are approved.

HUGHES

893.00/4423 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 7, 1922—1 p.m.*
[Received June 7—8 a.m.]

250. My 231, May 24, 1 p.m. Japanese Minister left for Tsingtao 4th. Japanese counsellor called on me afternoon 6th to report his Government's reply to identic telegram. He stated orally Japanese Government did not consider time opportune to carry out suggestion of four Ministers as fighting had not ceased; Chang Tso-lin was not beaten, Sun Yat-sen was aggressively active, and effect of adopting four Ministers' suggestion might be to commit their respective Governments to support of one particular party in China. Counsellor added Japanese Government feared if loans were made proceeds might be used for internal political purposes. Stated also Japanese Government did not want to give to Japanese Minister, Peking, the discretion suggested in identic telegram. He concluded by saying that Japanese Government considered it expedient and necessary that the four Ministers should confer and act in concert.

In spite of all efforts to secure secrecy with respect to this matter it has been discussed in Tokyo by *Kokumin*, May 30th, and *Japan Advertiser*, May 31st, and in Peking by Japanese-controlled *North China Standard*, June 6th.

SCHURMAN

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[48] Chinese Minister of Communications.

893.00/4431 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 11, 1922—11 a.m.*
[Received 2:10 p.m.]

256. Li Yuan-hung just arrived Peking.

SCHURMAN

893.00/4432 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 11, 1922—2 p.m.*
[Received 3:26 p.m.]

257. I have given the following interview to *Yi Shih Pao* which other newspapers also are publishing:

"The *Yi Shih Pao* today sent a representative to the American Legation to request its comment on the recent press reports taken from Japanese papers to the effect that the Ministers of Great Britain, Japan, France and the United States had been discussing and had recommended to their Governments the giving of support to General Wu Pei-fu in order to assist him to organize a stable government in China.

The American Minister received our representative and informed him that there was no foundation for the preceding statement. No proposal had been made to support any individual leader nor had any plans for the organization of a government been discussed. The subject of discussion had been the disarmament resolution of the Washington Conference and the opportunity now present for China to carry this measure into execution.

The American Minister further observed that his Government maintained a policy of non-intervention in the internal political affairs of foreign nations and in conformity with this policy he had observed and had instructed American consular officials to observe the most scrupulous neutrality and abstention from interference in the present political and military strife in China."

SCHURMAN

893.00/4450 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 12, 1922—6 p.m.*
[Received June 12—11:01 a.m.]

259. Li Yuan-hung, temporarily assuming duties of President, at Palace yesterday but lives in private residence for the present. Mandate dated the 11th names W. W. Yen Acting Premier. Yen countersigned mandate.

SCHURMAN

893.00/4465 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 13, 1922—7 p.m.*
[Received June 14—1:47 a.m.]

260. My 256, June 11, 11 a.m. and 259, June 12, 6 p.m. Up to noon today neither this Legation nor dean of the diplomatic corps has had [omission] or official knowledge of new President's accession. Unofficially I am reliably informed that on arrival Li Yuan-hung, Peking, 11th, he proceeded to Palace with Acting Premier Chow Tzu-ch'i and the seals of the office were handed to him. Inauguration took place in the presence of Cabinet and Speakers of the two Houses, the master of ceremonies officiating. President made a speech which produced bad impression on outgoing Cabinet on behalf of whom Acting Premier Chow Tzu-ch'i then announced that none sought positions in new Cabinet. Mandate, June 11th, relieving them of their posts concludes: "Seal of the President, by the Cabinet. Countersigned Chow Tzu-ch'i, Premier."

Mandate, June 12th, follows:

"Yen Hui-ch'ing (W. W. Yen) is temporarily given the concurrent post of Acting Minister for Foreign Affairs; T'an Yen-k'ai is appointed Acting Minister of the Interior; Tung K'ang, Acting Minister of Finance; Wu Pei-fu, Acting Minister of War; Li Ting-hsin, Acting Minister of the Navy; Wang Ch'ung-hui, Acting Minister of Justice; Huang Yen-p'ei, Acting Minister of Education; Chang Kuo-kan, Acting Minister of Agriculture and Commerce; Kao En-hung, Acting Minister of Communications. Seal of the president, countersigned W. W. Yen, Premier."

Li Yuan-hung in circular telegram says that he assumed Presidency at call of people and will function till Parliament elects legal successor. I question whether Parliament can quorum.

Question of recognition of President liable to come up. I have reexamined Department's instructions for recognition of new government in Moore,[49] volume 1, sections 43 to 58, and with the exception of Secretary Seward's instruction of May 16, 1878 [*1877*],[50] announcing American Government would "wait before recognizing General Diaz as President of Mexico," I find nothing unfavorable to the policy of recognizing Li Yuan-hung as President of China. With Wu Pei-fu in Cabinet and pledged to support President, power and governmental responsibility are united as they were not during Presidency of Hsü Shih-ch'ang whom we nevertheless continued to recognize as lawful President. Government of Li Yuan-hung is in

[49] John Bassett Moore, *A Digest of International Law*, vol. I, pp. 119–164.
[50] *Ibid.*, p. 148; Frederick W. Seward was Acting Secretary on this date.

possession of machinery of administration and as it appears, with general assent of the Chinese people. Sun Yat-sen will probably persist in opposition. Chang Tso-lin has telegraphed promise of support. Wu Pei-fu's cooperation guarantees Government's ability to hold and exercise administration power.

As the change here is not in form of government but only in head of, held that question of recognition did not now arise. Practically, however, it is liable to come up and I respectfully ask for instructions.

SCHURMAN

893.00/4465 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *June 15, 1922—5 p.m.*

147. Your 260 June 13, 7 p.m.

You should avoid if possible raising question of recognition since, as stated by you, the change is of administration rather than of government.

HUGHES

893.001 L 76/3 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 15, 1922—8 p.m.*

[Received June 15—1:27 p.m.]

262. My telegrams numbers 261, June 14, 4 p.m.; [51] 260, June 13, 7 p.m. Following formal note 14th from Foreign Office:

"I have the honor to state that His Excellency, President Hsü Shih-ch'ang, has, on account of illness, announced his resignation from office by a Presidential mandate dated June 2nd, a copy of which communicated to Your Excellency. The House of Parliament, the Senate, the Speaker of the House of Representatives, the High Provincial authorities, both military and civil, the various provincial assemblies and the various provincial educational, agricultural, labor and commercial organizations, have surrounded President Li Yuan-hung with requests to come to Peking and assume the duties of the office. On July 11th President Li arrived in Peking and assumed the duties of President of the Republic and

"I have the honor, Mr. Minister, to communicate the above to you and to request that you inform the American Government thereof."

Note discussed today at a meeting of the diplomatic body which had been called to consider request for release $500,000. Draft of identic reply to be considered at special meeting of the diplomatic

[51] Not printed.

body 20th, interval being used to notify home Governments. Following views expressed by different Ministers today.

1. Li Yuan-hung's Presidency constitutionally on exactly the same basis as Sun Yat-sen's.
2. Li has been set up by military dictator Wu Pei-fu.
3. Impossible to predict permanence for his government.
4. Li's government is again functioning and Chinese people acquiescing.
5. Non-recognition of Li would injure cause of unification and help Sun Yat-sen.
6. If Li recognized care should be taken not to recognize any breach of continuity of [apparent omission] or invalidate acts of preceding government.

Numbers 4 and 6 were my suggestions.

That Li's government should be recognized or accepted in spite of all objections that might be made seemed the universal sentiment. If Ministers do not receive contrary instructions from their Governments they may adopt procedure I suggested today, namely, merely acknowledge the receipt of note and attend Li's reception end of next week.

Sun Yat-sen has issued statement posing as defender of constitution as against "the militarists in North China" and demanding for the protection of Nation two conditions: (1) punishment of men now confessing their crime who, in 1917, effected dissolution of Parliament; (2) guarantees against future dissolution of Parliament and protection against militarism by organizing half of the troops into labor battalions under their own officers on terms of a fair living wage and reasonable hours of work.

SCHURMAN

893.001 L 76/3 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *June 16, 1922—4 p.m.*

148. Your 262 June 15, 8 P.M.

Department approves suggested procedure merely to acknowledge receipt of note and attend Li's reception, thus dealing with the situation as a new administration and not a new government.

HUGHES

893.00/4470 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 17, 1922—1 p.m.*

[Received June 17—10 : 19 a.m.]

267. Representative of Wu Pei-fu and Chang Tso-lin conferring upon terms of settlement at Chinwangtao, armistice having been arranged.

Chen Chiung-ming's troops seized Canton early morning of 16th declared against Southern Government and for old Parliament, Sun escaped.

Commander Simonds dined with Wu Pei-fu 15th at Paoting. Wu did not regard Chang's further resistance as important. Enthusiastic about unification and considered present Government useful institution to that end. Indication of understanding with Chen Chiung-ming.

At a dinner given by me last night in honor of delegates to Washington Conference with guests half American, half Chinese, Koo and Wang in informal speeches said Conference had done far more than was expected for China, had accomplished in fact all that any international conference could possibly accomplish and that China's success was attributable to sympathy and cooperation of American Government and people for which speakers expressed gratitude. Wang impressively declared China must herself finish the good work. Chow Tzu-ch'i, chief adviser, was called on for a speech but excused himself on the ground that advisers spoke only in private. I read telegrams with above news from Canton and Chinwangtao and interpreted the President's message as indicating hopeful progress in pacification and reunification.

SCHURMAN

893.00/4374 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *June 17, 1922—2 p.m.*

150. Our no. 130 of May 25, 4 p.m.[52] The Department brought your no. 231 of May 24, 1 p. m.,[53] and no. 239 of May 31, 4 p. m.,[52] to the attention of the American group. They have replied that although they desire to assist China it does not appear that in the near future it would be possible to negotiate a loan based on any security at present available. The allusion made at the meeting of the council held in London regarding the possibility of making loans for administrative purposes looked ahead to the establishment of stability to a degree that would not only give confidence to investors but also enable the Chinese Government to remedy the defaults existing on American issues before seeking in this market for any new money, the remedy of such defaults being an absolute prior requirement to floating any new loan in the United States.

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[52] Not printed.
[53] *Ante*, p. 707.

The American group states that it is of the opinion that the establishment of an orderly government to which loans for proper purposes may be made in due course will be hastened by the union of the North and South. It is not, however, the opinion of the American group that such loans may be floated in anticipation of the setting up of an orderly central government having revenues under its adequate control upon which a loan operation could be based.

HUGHES

893.001 L 76/5 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 20, 1922—4 p.m.*

[Received June 20—9:47 a.m.]

273. Your 148, June 16, 4 p.m. Diplomatic body meeting this morning unanimously accepted form of reply which I had drafted merely acknowledging receipt of notification new President of accession.

Chang Tso-lin and Wu Pei-fu's representatives have reached an agreement. In 24 hours 18th and 19th, 358 cars loaded with guns, equipment and horses belonging to Chang's army left Shanhaikwan and Chang's troops in large numbers are passing beyond wall on foot.

SCHURMAN

893.00/4480 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 21, 1922—5 p.m.*

[Received June 21—10:30 a.m.]

276. My 273, March [*June*] 20, 4 p.m. Practically all Chang's troops outside of wall evening 20th.

SCHURMAN

893.00/4502a : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *June 23, 1922—4 p.m.*

153. Japanese Chargé d'Affaires in a public address recently delivered at Baltimore referred to the withdrawal of the Japanese troops from Hankow, and stated that the Japanese Government "hopes that all the other foreign troops stationed in Peking and other places according to the protocol signed after the Boxer rebellion of 1900 [54] will also be withdrawn as soon as order is restored in China. The Japanese Minister at Peking has already been in-

[54] For final protocol, signed Sept. 7, 1901, see *Foreign Relations*, 1901, app. (Affairs in China), p. 306.

structed to take up this matter with the representatives of the Powers there".

The Department desires information as to whether you or your interested colleagues have been approached on this matter by the Japanese Minister.

Repeat to Tokyo as No. 60 for information only.

HUGHES

893.00/4515 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 28, 1922—6 p.m.*

[Received June 28—5:35 p.m.]

286. Your 153, June 23, 4 p.m. Japanese Minister has not approached me or Ministers of Belgium, Holland, which maintain small Legation guards, on this point. I find however that at a conference of ministers interested in loan secured by salt surplus following a conversation on interference collection of salt revenues he incidentally mentioned it to British and French Ministers after informing them of the withdrawal of Japanese troops from Hankow. They pointed out to him that in case of anti-foreign troubles in China it would be easy for Japan to pour in a large body of troops in a short time while other nations would be helpless.

. . . . . .

British War Council last spring, in response to demand for economy, consented to withdrawal of British troops from North China but Foreign Office objected and requested Legation to consider how otherwise economy might be practicable. Recently General Fowler, Commander in Chief, has been here from Hongkong and had conferences with military attaché and Legation on the subject. They have agreed that total British force in North China might be reduced to two companies of 200 or 250 men each. Object of retaining this force is not all for military protection but moral effect. British expect China to demand withdrawal of all foreign troops when extraterritorial commission meets. They contemplate with equanimity such complete withdrawal in four or five years but consider above-mentioned reduction the best course at present.

French Minister argues that if troops are to be reduced the first step should be the modification of the protocol whose terms the troops are here to enforce. For his part he is opposed even to reduction at the present time.

In my own opinion presence of foreign troops undermines the Chinese sense of responsibility for the protection of foreigners in Peking, Tientsin, et cetera, and the maintenance of communications with the sea. I do not believe nor have I found anyone here who believes that a recurrence of anti-foreign sentiment leading to at-

tacks on foreigners like those of the Boxers can be considered as a probability for the Chinese of the twentieth century. . . .

SCHURMAN

893.00/4595

The Minister in China (Schurman) to the Secretary of State

No. 763 PEKING, *June 29, 1922.*

[Received August 8.]

SIR: I have the honor to transmit herewith for the Department's information a copy of a circular which I have addressed to Consular Officers in China communicating to them for their future guidance the various instructions which the Department sent to the Legation during the recent disturbances, outlining the attitude to be observed by American officials in China under conditions of this nature.

I have [etc.] JACOB GOULD SCHURMAN

[Enclosure]

The Minister in China (Schurman) to the American Consular Officers in China

Circular No. 80 PEKING, *June 26, 1922.*

GENTLEMEN: I beg leave to communicate to you herewith, for your information and guidance, the following views expressed by the Department from time to time regarding the attitude to be observed by American officials in connection with the political disturbances in China:

The Department believes that foreign nations should stand as far as possible aloof from internal dissensions in China and accordingly desires that officials of the United States in China adhere to strict impartiality as between the local leaders of political factions in China and that they avoid intervention of any kind between factions or in the plans for the settlement of dissensions.

As regards the adoption of positive measures to protect American lives and property which might be jeopardized, the Department is opposed in principle to the intervention of foreign troops in settling local and factional disturbances in China and consequently requests for aid should be addressed only to the Chinese authority who may use such means as the situation requires. The Legation and Consulates, however, would be expected to take every necessary and proper precaution to protect American lives but only in the greatest extremity where Americans are in imminent danger would the officials be warranted to accept offers of protection from foreign troops. The Department trusts that the Chinese authorities will take such precautions as may be necessary to prevent any local disturbances which might endanger the lives of foreigners.

I am [etc.] JACOB GOULD SCHURMAN

OVERTHROW OF SUN YAT-SEN'S GOVERNMENT AT CANTON

893.00/4468 : Telegram

The Vice Consul in Charge at Canton (Huston) to the Secretary of State

CANTON, *June 16, 1922—3 p.m.*
[Received June 16—9 : 47 a.m.]

Chen's [55] troops seized Canton 3 o'clock morning, declare constitutional government at end and in favor of old Parliament. Sun's body guards still fighting in President's palace. Sun supposed escaped Whampoa on gunboat.

HUSTON

893.00/4474 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 19, 1922—8 p.m.*
[Received June 20—5 : 41 a.m.]

271. My 267, June 17, 1 p.m.[56] Canton 16th and 17th, Sun with three gunboats raked bund with machine gun and rapid fire. Two American buildings hit. Consul 18th protested to Sun at Whampoa and Sun replied would again bombard but not bund unless fired on.

Chen in Waichow and will remain there for the present. His nephew told consul two gunboats willing to come over, also said forces sent to Shiuchow prevent troops in Kiating [*Kiangsi?*] coming to rescue.

Have advised Admiral by wireless that American citizens and property may need protection.

SCHURMAN

893.00/4486 : Telegram

The Vice Consul in Charge at Canton (Huston) to the Secretary of State

CANTON, *June 22, 1922—11 a.m.*
[Received June 23—11 : 15 a.m.]

Wu Ting-fang [57] handed over seal of office to Provincial Assembly on 21st. On the same day Assembly elected Chen as Provisional Governor of Kwangtung. On 22nd Chen wired Wu Ting-fang ask-

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[55] Chen Chiung-ming; Governor of Kwangtung, Commander in Chief of Kwangtung troops; and concurrent Minister of War in the Canton Government.

[56] *Ante*, p. 718.

[57] Minister of Foreign Affairs, Canton Government.

ing him to persuade Sun to retire for the sake of unification. Agreement between Chen's officers and navy. The navy will request retirement Sun and submit to Chen's authority. Sun still at Whampoa. He hopes expeditionary force can fight way back Canton. A few followers advising him retire. Wu Ting-fang died at one this morning [of] pneumonia after brief illness.

HUSTON

893.00/4493 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 25, 1922—6 p.m.*
[Received June 25—2:30 p.m.]

285. Following telegram has been received June 24, 7 p.m. from Huston:

"Urgent. June 23, 10 p.m. Sun appears to be willing to retire if allowed dignified exit. Hinted that if consular body would offer good offices might be acceptable. British consul general is willing in order to avoid further fighting. Sun awaiting arrival Northern Expeditionary Forces [58] claims rank and file of the navy still loyal despite any agreement of naval officers with Chen, is still at Whampoa."

Situation as indicated in above telegram and in Huston's previous telegrams to the Department direct and to Legation does not seem to me to justify, certainly it does not necessitate mediation or offer of good offices by consular body. Mediation by foreigners might eliminate Sun Yat-sen more speedily but it would not permanently settle the issue which would inevitably return to plague the Chinese.

If Chen Chiung-ming himself cannot bring about Sun's retirement the Peking Government should grapple with the difficulty. Sun is the one outstanding obstacle to re-unification which with disbandment of superfluous troops is the cardinal policy of President Li Yuan-hung and his Cabinet and supporters. That policy has gained great impetus and outside events have favored its consummation during the last few weeks without the Government's doing anything. Now that nothing remains but the elimination Sun Yat-sen, not victorious but defeated, it would seem that the undertaking should be left to the Chinese Government if Chen Chiung-ming cannot or will not accomplish it.

I venture to suggest also that foreign mediation will dignify and magnify Sun Yat-sen and assure him of prestige in the future. Please instruct.

SCHURMAN

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[58] The so-called "Punitive Expedition against the North".

893.00/4493 : Telegram

The Acting Secretary of State to the Minister in China (Schurman)

WASHINGTON, *June 26, 1922—3 p.m.*

156. Your 285, June 25, 6 p.m.

Department is unwilling that Consul at Canton should participate in any plan of mediation. Your views in this regard have the Department's unqualified approval.

PHILLIPS

893.00/4593 : Telegram

The Consul in Charge at Canton (Tenney) to the Secretary of State

CANTON, *August 9, 1922—5 p.m.*

[Received August 9—9:49 a.m.]

Sun left Canton on British warship today at 4 p.m. for Hongkong where he plans to transship to *Empress of Russia* for Shanghai. Local situation quiet. Sun forces defeated in north Kwangtung.

TENNEY

EFFORTS BY THE UNITED STATES AND OTHER POWERS TO PREVENT MORE EFFECTIVELY THE EXPORTATION OF ARMS TO CHINA [59]

893.113/229

The Ambassador in Italy (Child) to the Secretary of State

No. 192 ROME, *January 30, 1922.*

[Received February 20.]

SIR: Referring to the Department's cable instruction, No. 203 of December 23, 6 p.m.,[60] I have the honor to transmit herewith a translation of *Note Verbale* No. 4540/23 of the 24th instant from the Royal Ministry of Foreign Affairs, in reply to my protest against the delivery of the arms in question to the Military Governor of Pechili [*Chihli*] Province.

I have [etc.] RICHARD WASHBURN CHILD

[Enclosure—Translation]

The Italian Ministry of Foreign Affairs to the American Embassy

A.II NOTE VERBALE

4540/23

In reply to the Note of December 26th, the Royal Ministry of Foreign Affairs can only confirm what it has already communicated

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[59] For previous correspondence concerning arms embargo, see *Foreign Relations*, 1921, vol. I, pp. 534 ff.

[60] *Ibid.*, p. 563.

to the Embassy of the United States in a previous Note regarding the question of the delivery of Italian arms in China.[61]

The reservations formulated by the Italian Minister at Peking in adhering, in the name of the Italian Government, to the established agreement between France, England, the United States and Japan in April 1919, in accordance with the proposal of the Minister of the United States,[62] were necessary because, for the delivery of the aforesaid arms, there already existed contracts which had just begun to be executed on the part of the Chinese purchasers.

However, considering the conditions prevailing in China, the Royal Italian Legation, awaiting a betterment thereof, has always deferred the fulfillment of such contracts, in spite of the large financial losses resulting therefrom and the serious inconveniences which the prolonged custody of such material caused, and which became more difficult because of the recall to Italy of the personnel in charge thereof. And, if lately the release of part of this material, subject of contracts prior to April 1919, was not objected to, this was due not only to the aforesaid reservations, but as a consequence of formal assurances which the Government of Chihli caused to be presented to it in the name of the Central Government to the effect that the material would be kept in magazines and would not be used in any manner in the internal wars of China.

ROME, *January 24, 1922.*

Proclamation No. 1621, March 4, 1922, Declaring Unlawful the Exportation of Arms or Munitions of War to China

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS, Section I of a Joint Resolution of Congress, entitled a "Joint Resolution To prohibit the exportation of arms or munitions of war from the United States to certain countries, and for other purposes," approved January 31, 1922, provides as follows:

"That whenever the President finds that in any American country, or in any country in which the United States exercises extraterritorial jurisdiction, conditions of domestic violence exist, which are or may be promoted by the use of arms or munitions of war procured from the United States, and makes proclamation thereof, it shall be unlawful to export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country until otherwise ordered by the President or by Congress."

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[61] Probably refers to *note verbale* of Jan. 22, 1921, *Foreign Relations*, 1921, vol. I, p. 542.

[62] See *ibid.*, 1919, vol. I, pp. 667 ff.

And whereas, it is provided by Section II of the said Joint Resolution that "Whoever exports any arms or munitions of war in violation of section 1 shall on conviction, be punished by fine not exceeding $10,000, or by imprisonment not exceeding two years, or both."

Now, therefore, I, Warren G. Harding, President of the United States of America, acting under and by virtue of the authority conferred in me by the said Joint Resolution of Congress, do hereby declare and proclaim that I have found that there exist in China such conditions of domestic violence which are or may be promoted by the use of arms or munitions of war procured from the United States as contemplated by the said Joint Resolution; and I do hereby admonish all citizens of the United States and every person to abstain from every violation of the provisions of the Joint Resolution above set forth, hereby made applicable to China, and I do hereby warn them that all violations of such provisions will be rigorously prosecuted.

And I do hereby enjoin upon all officers of the United States, charged with the execution of the laws thereof, the utmost diligence in preventing violations of the said Joint Resolution and this my Proclamation issued thereunder, and in bringing to trial and punishment any offenders against the same.

And I do hereby delegate to the Secretary of State the Power of prescribing exceptions and limitations to the application of the said Joint Resolution of January 31, 1922, as made effective by this my Proclamation issued thereunder.

In Witness Whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this fourth day of March in the year of our Lord one thousand nine hundred and [seal] twenty-two and of the Independence of the United States of America the one hundred and forty-sixth.

Warren G. Harding

By the President:

Henry P. Fletcher,

Acting Secretary of State.

893.113/229 : Telegram

The Acting Secretary of State to the Ambassador in Italy (Child)

Washington, *March 4, 1922—1 p.m.*

23. Your despatch No. 192, January 30.

You will ask the Italian Government whether it will not now abandon its reservation to the arms declaration of May 5, 1919, in view of the disastrous effect which the maintenance of such a reser-

vation and the consequent further delivery of munitions to contending factions in China may have.

FLETCHER

893.113/246 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

ROME, *April 13, 1922—3 a.m.*
[Received 11:20 a.m.]

56. Department's instruction of March 4, 1 p.m. number 23. Italian Government informs Embassy it has arranged that no sales of Italian arms and ammunition shall take place in China either to Chinese buyers or to their agents of whatsoever nationality. Text of note by next pouch.[63]

CHILD

893.113/246 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, *April 15, 1922—2 p.m.*

50. Your 56 April 13, 3 A.M.

Is Italian Government's statement to be understood as meaning that deliveries will not be made under contracts made either before or after joint declaration made to Chinese Government May 5, 1919?

HUGHES

893.113/249 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

ROME, *April 18, 1922—3 p.m.*
[Received April 19—1:34 a.m.]

60. Department's number 50, April 15, 2 p.m. Foreign Office states that no more deliveries will be made under contracts before or after joint declaration.

CHILD

893.113/261a

The Secretary of State to the Secretary of the Treasury (Mellon)

WASHINGTON, *May 19, 1922.*

SIR: With further reference to the President's proclamation of March 4th placing an embargo upon the exportation of arms and munitions of war to China, and also to my letter of April 4 on the same subject,[63] I have the honor to state that it is the view of this

[63] Not printed.

Department that, in order to make possible the control over the export of military airplanes and over airplanes which, although constructed for commercial purposes, may be shipped under circumstances indicating a probability of their conversion to military uses, airplanes and their equipment, when consigned to China, should be deemed to be included in the term "munitions of war" as used in the Proclamation of the President. No shipments of aeronautical material or equipment should therefore be allowed to leave ports of the United States for China except upon permits duly issued by the Department of State.

I have [etc.]

For the Secretary of State:
LELAND HARRISON
Assistant Secretary

893.113/278 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, *June 2, 1922—3 p.m.*

157. Your 220, May 24, 6 p.m.[64]

This Government is deeply gratified to note the ready acceptance on the part of the British Government of the proposal made by this Government in connection with the construction of naval vessels, arsenals and dockyards by the Chinese Government. The Italian and Japanese Governments have also given their adherence to the policy proposed and their assurance in this regard, as well as that of the British Government, has been telegraphed to the American Ambassador at Paris for the information of the French Government. Brief summaries of the Japanese and Italian Governments' replies will be telegraphed you from Paris.

The Department also notes with satisfaction that the British Government, as stated in the first paragraph of its note, desires the so-called Chinese Arms Embargo placed on a more satisfactory basis. In this connection the Department desires the British Government to know that the Italian Government, in reply to representations from this Government, has abandoned its reservation to the arms declaration signed at Peking on May 5, 1919, and has given its assurance that no sales of Italian arms and ammunition shall take place in China either to Chinese buyers or to their agents of whatsoever nationality and that no more deliveries will be made under contracts entered into either before or after May 5, 1919. The British Government will recall that at the Conference on the Limitation of Armament an effort was made to strengthen the existing declaration, but that the Italian delegates were not then prepared to

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[64] *Post*, p. 751.

adopt the resolution which was offered and which as finally amended reads as follows:— [66]

"I. The United States of America, Belgium, the British Empire, France, Italy, Japan, the Netherlands, and Portugal affirm their intention to refrain from exporting to China arms or munitions of war, whether complete or in parts, and to prohibit such exportation from their territories or territories under their control, until the establishment of a government whose authority is recognized throughout the whole of China.

II. Each of the above powers will forthwith take such additional steps as may be necessary to make the above restrictions immediately binding.

III. The scope of this resolution includes all concessions and settlements in China.

IV. The United States of America will invite the adherence to this resolution of the other powers in treaty relations with China."

Since the Italian Government was not then in position to adopt the resolution the Japanese Government felt compelled to make a reservation which led to the withdrawal of the resolution. Now that the Italian Government has abandoned its reservation to the existing declaration the Government of the United States, if the Italian and Japanese Governments will now accept the above resolution, contemplates seeking also the approval of the other Governments which participated in the Conference. The Japanese Government has already been informally approached on the subject, and has indicated its approval to the Department.

You will communicate the above to the British Government but in so doing will explain that, as a first step in attaining the object sought by the British Government, the Department entertains some doubt whether it would be advisable to propose at this time going beyond the terms of the resolution above mentioned. Such a proposal might make it difficult to obtain the adoption of the resolution by the other Governments which participated in the Conference. For its own part this Government finds itself limited, with respect to the control over warlike material, by the terms of the statute which prohibits only the exportation to China of "arms and munitions of war."

HUGHES

893.113/249 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, *June 3, 1922—1 p.m.*

80. Your No. 60, April 18, 3 p.m.

On consultation with the Japanese Embassy it appears that in view of the assurances now given by the Italian Foreign Office the

[66] *Conference on the Limitation of Armament, Washington, Nov. 12, 1921–Feb. 6, 1922*, in English and French (Washington, Government Printing Office, 1922), p. 1474.

Government of Japan would be disposed to withdraw such reservations as it made in the Pacific and Far Eastern Committee of the Conference on Limitation of Armaments to the proposed Resolution on the subject of shipment of arms and ammunition to China. This Resolution as it stood in its final amended form at the time it was withdrawn in consequence of the Italian and Japanese reservations,[67] reads as follows:—

[Here follows text of the resolution quoted in the telegram of June 2 to the Ambassador in Great Britain, printed *supra.*]

Would it be agreeable to the Italian Government if the Government of the United States were now to circularize the Powers (other than China) participating in the Conference, asking their concurrence in this re-affirmation of the China Arms Embargo in substitution for the declaration made by certain of the Powers to the Chinese Government in May, 1919?

HUGHES

893.113/289

The British Ambassador (Geddes) to the Secretary of State

No. 464

His Britannic Majesty's Ambassador presents his compliments to the Secretary of State and has the honour, on instructions from his Government, to inform Mr. Hughes that the question of the embargo on the import of arms and munitions of war into China has recently been receiving their serious consideration. It will be remembered that the British Empire Delegation, at the recent Conference in Washington, made a determined effort to improve the present unsatisfactory situation in regard to the China Arms Embargo by obtaining a reaffirmation of the 1919 Embargo by the Powers represented at the Conference on Pacific and Far Eastern Affairs.

It need hardly be pointed out that in the present state of China the maintenance of the embargo is more than ever desirable, but recent instances of failure to carry out the policy in the spirit if not in the letter, naturally make it difficult for His Majesty's Government to insist on the strict observance of the embargo policy by British nationals. It appears therefore to His Majesty's Government very important that the embargo of 1919 should now be reaffirmed by the Powers who were parties thereto, and that it should at the same time be more precisely defined and widened, so as to include materials and tools destined directly or indirectly for the manufacture of arms or munitions of war, arsenal equipment, and personnel to supervise or assist in the use or manufacture of such arms and munitions and the training of such personnel.

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[67] See *Conference on the Limitation of Armament*, pp. 1474–1492.

The matter was considered to be of such importance that negotiations to achieve the desired result were undertaken by the Earl of Balfour at Washington, but the Italian representatives were at that time unable to depart from a reservation, made originally by the Italian Government at the time when they adhered to the embargo notification of 1919, to the effect that contracts concluded prior to their adherence should be excluded. The negotiations had therefore to be suspended, but it now appears that the Italian Government have adopted a more favourable attitude towards this question.

In the opinion of His Majesty's Government the best course now appears for the question to be taken up at Peking and His Majesty's Representative there has accordingly been instructed to initiate discussions with his colleagues with a view to the framing of a recommendation, which should if possible be unanimous, as to the steps to be taken to place the existing embargo on a more satisfactory footing.

As Mr. Hughes is aware, the Governments whose names were included in the notification made by the *doyen* of the Diplomatic Body at Peking to the Chinese Government on the 5th of May, 1919, as having agreed to an arms embargo, or who subsequently adhered to the arrangement, are: Great Britain, Belgium, Brazil, Denmark, France, Italy, Japan, The Netherlands, Portugal, Russia, Spain and the United States. Of these, Belgium, The Netherlands, Japan and the United States have already signified their readiness to reaffirm the embargo in the form of the Earl of Balfour's draft resolution introduced before the Committee for Pacific and Far Eastern Affairs on the 31st of January, 1922, provided the Italian reservation regarding contracts already concluded prior to the original imposition of the embargo is withdrawn. The Japanese Minister at Peking appears anxious to go even further and to strengthen the embargo.

Sir Auckland Geddes ventures to bring these considerations to the attention of Mr. Hughes in the hope that he may be disposed to issue instructions to the United States Representative at Peking to cooperate with His Majesty's Representative in a comprehensive review of the present unsatisfactory position in order that any steps which may be desirable or possible to remedy it should be taken without delay.

WASHINGTON, *June 16, 1922.*

846g.113/—

The Secretary of State to the Secretary of the Treasury (Mellon)

WASHINGTON, *June 24, 1922.*

SIR: I have the honor to acknowledge the receipt of Mr. Dover's letter of June 10, 1922,[68] inquiring whether permits are required for

[68] Not printed; Elmer Dover was Assistant Secretary of the Treasury.

shipments of arms or munitions of war to Hongkong, Kwantung, Korea and French Indo-China.

In reply you are advised that permits are necessary for shipments to the leased territory of Kwantung, but are not required for shipments to the British Crown colony of Hongkong, Korea or French Indo-China.

I have [etc.]

For the Secretary of State:
LELAND HARRISON
Assistant Secretary

893.113/294 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

ROME, *June 26, 1922—1 p.m.*
[Received June 26—12:05 p.m.]

102. Department's telegram number 80, June 3, 1 p.m. Foreign Office states Italian Government has no objection to Government of the United States circularizing the powers as proposed.

CHILD

893.113/249 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *June 29, 1922—3 p.m.*

160. Department's No. 92 of April 20, 4 p.m.[69]

The Italian Government having acquiesced this government is instructing its representatives at London, Paris, Tokyo, Rome, Brussels, The Hague and Lisbon, to approach the Governments to which they are respectively accredited with the request that they each now indicate their formal approval of the resolution in amended form (see page 737 of Senate Document 126[70]) which was offered during the Conference on Limitation of Armaments at Washington. You will inform those of your colleagues who represent powers which participated in the Conference of this action on the part of this Government.

HUGHES

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[69] Not printed.
[70] 67th Cong., 2d sess.

893.113/278 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)[71]

WASHINGTON, *June 29, 1922—3 p.m.*

188. Department's 157, June 2, 3 p.m.

The Italian Government has now indicated its approval of the proposal of this Government to obtain from the Governments which participated in the Conference on Limitation of Armament the adoption of the amended resolution covering shipments of arms and munitions of war to China. You will so inform the Government to which you are accredited requesting it in view of its favorable attitude announced at the time of the Conference, to indicate to this Government through you its formal approval of the amended resolution which reads as follows:—

[Here follows text of resolution quoted in telegram no. 157, June 2, to the Ambassador in Great Britain, printed on page 729.]

Repeat to Paris, Brussels, The Hague and Lisbon.

HUGHES

893.113/294 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, *June 29, 1922—3 p.m.*

94. Your 102 June 26, 1 p.m.

You will request the Italian Government, in view of its present position as regards the control of shipments of arms to China, to indicate to this Government, through you, its formal adoption of the amended resolution quoted in the Department's telegram No. 80 of June 3, 1 p.m.

HUGHES

893.113/306 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

ROME, *July 12, 1922—1 p.m.*
[Received July 12—1 : 58 p.m.]

110. Your 94, June 29, 3 p.m. Note just received from the Foreign Office states that the Italian Government having ordered that no sale Italian arms and munitions should occur in China, either to Chinese buyers or through their intermediaries of whatsoever nationality

[71] See last paragraph for instructions to repeat to Paris, Brussels, The Hague, and Lisbon. A similar telegram, with the omission of the last paragraph, was sent to the Ambassador in Japan as no. 68.

until the reestablishment in China of normal conditions with a single government, it experiences no difficulty in extending such declaration to apply also to the importation of arms, munitions and accessories in China including the various settlements and concessions therein.

CHILD

893.113/306 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, *July 14, 1922—4 p.m.*

98. Your 110, July 12, 1 p.m.

Does the note of the Italian Government give formal approval to the amended resolution quoted in the Department's No. 80 of June 3, 1 p.m., as requested in the Department's 94 of June 29, 3 p.m.

HUGHES

893.113/308 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *July 17, 1922—1 p.m.*
[Received July 17—6:36 a.m.]

120. Department's telegram 68 of June 29.[72] American Government's proposal accepted by Japan. Formal approval to amended resolution has been given by the Japanese Government on condition that the other Governments which participated in the Washington Conference give similar approval. It is the desire of the Japanese Government that as provided by the fourth clause of the resolution the American Government invite other powers which have treaty relations with China to adhere. It is the especial wish of the Japanese Government that the adherence of Germany be invited as it is the opinion of the Japanese Government that there will be a very close relation between German participation and an effective execution of the resolution.

Certified copy of Japanese note approving the resolution is being mailed.[73]

WARREN

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[72] See footnote 71, p. 734.
[73] Not printed.

893.113/313 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, *July 20, 1922—5 p.m.*
[Received July 21—9 : 35 a.m.]

303. Your telegrams number 157 of June 2, 3 p.m., and 188 of June 29, 3 p.m. I am in receipt of a note from the Foreign Office in reply to my communications based on above which, after reciting the amended resolution drafted at Washington, reads as follows:

"His Majesty's Government are fully in accord with the policy embodied in this resolution and are already putting it into practical effect so far as the United Kingdom is concerned. They are also in communication with the self-governing dominions of the British Empire with a view to their definite adhesion to a similar policy.

Owing however to the different interpretation which has been put by the various Governments upon the embargo policy in the past His Majesty's Government have recently proposed to the Powers concerned that the whole question should be reviewed by the diplomatic representatives at Peking in order that the embargo may be not only reaffirmed but if thought desirable extended and more precisely defined. This proposal was made to the United States Government through His Majesty's Ambassador at Washington and was addressed to all the Powers who were parties to the original embargo agreement of 1919 with the exception of Russia and also to the Governments of Germany and Austria whose cooperation in making the embargo effective it was thought desirable to obtain. Satisfactory replies have already been received from the Governments of France, Germany, Italy and Portugal and in particular it is to be noted that the Italian Government have stated that they share the views of His Majesty's Government in regard to the desirability of extending the prohibition so as to include material and tools destined directly or indirectly for the manufacture of arms or munitions of war and arsenal equipment and also of adopting similar measures in respect to the personnel of arms and munitions factories and the instructors of such personnel.

The diplomatic representatives at Peking are best able to judge what action is desirable in order to strengthen the existing embargo and it may be that they will reach the conclusion that the resolution quoted above sufficiently meets the needs of the situation, in which case it could then formally be adopted by all the powers concerned. On the other hand the diplomatic representatives may consider that something further is required in which event His Majesty's Government trust that the United States Government and the other Governments concerned would be willing to consider carefully whether they could not take any further action recommended by their representatives at Peking and seek such additional legislative powers if any as might be required for this purpose.

In the circumstances His Majesty's Government are inclined to think that it would be preferable to await the outcome of the discussions at Peking before proceeding with the formal adoption of

this resolution. In the meanwhile, however, His Majesty's Government will continue pending formal adoption of an amended resolution to put into practical effect the policy of preventing the shipment to China of arms or munitions of war whether complete or in parts and they trust that the other Powers concerned will likewise adhere to this policy.

Instructions are being sent to His Majesty's representatives to inform the other Powers concerned as to the attitude of His Majesty's Government on this question."

HARVEY

893.113/318 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

ROME, *July 24, 1922—1 p.m.*

[Received July 24—12:40 p.m.]

121. Department's 98, July 14, 7 [4] p.m. After repeated inquiries Foreign Office now professes inability to reply pending resigned ministerial crisis.

CHILD

893.113/249 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *July 24, 1922—4 p.m.*

183. Department's 160, June 29, 3 p.m.

The following excerpts from telegrams are communicated for your guidance and discussion with your interested colleagues and more particularly the British Minister.

On June 2 the Department telegraphed London:

"The Department notes with satisfaction that the British Government desires the so-called Chinese Arms Embargo placed on a more satisfactory basis. The British Government will recall that at the Conference on the Limitation of Armament an effort was made to strengthen the existing declaration but that the Italian delegates were not then prepared to adopt the resolution which was offered and which was finally amended."

On June 29, the Department telegraphed London in the sense of Department's 160, June 29, 3 p.m. The Foreign Office in its reply stated *inter alia:*

"His Majesty's Government are fully in accord with the policy embodied in this resolution and are already putting it into practical effect so far as the United Kingdom is concerned."

"Owing however to the different interpretation which has been put by the various governments upon the embargo policy in the past His Majesty's Government have recently proposed to the powers concerned that the whole question should be reviewed by the diplomatic

representatives at Peking in order that the embargo may be not only reaffirmed but if thought desirable extended and more precisely defined."

"The diplomatic representatives at Peking are best able to judge what action is desirable in order to strengthen the existing embargo and it may be that they will reach the conclusion that the resolution quoted above sufficiently meets the needs of the situation in which case it could then formally be adopted by all the powers concerned. On the other hand the diplomatic representatives may consider that something further is required in which event His Majesty's Government trust that the United States Government and the other governments concerned would be willing to consider carefully whether they could not take any further action recommended by their representatives at Peking and seek such additional legislative powers if any as might be required for this purpose.

"In the circumstances His Majesty's Government are inclined to think that it would be preferable to await the outcome of the discussions at Peking before proceeding with the formal adoption of this resolution."

Tokyo has been instructed to repeat its 120, July 17, 1 p.m. which contains Japanese Government's reply.

The French, Belgian and Portuguese Governments have not yet replied.

At the discussions with your interested colleagues you will bear in mind both the limited terms of the statute which prohibits only the exportation to China of "arms and munitions of war" and the difficulty and perhaps improbability of obtaining further legislation, and also the assurance already given to the interested powers by this Government in the case of the Bethlehem Steel Contract (See Department's May 4, 2 p.m. repeated from Tokyo [74]).

HUGHES

893.113/319 : Telegram

The Chargé in the Netherlands (Sussdorff) to the Secretary of State

THE HAGUE, *July 24, 1922—4 p.m.*

[Received July 24—12:45 p.m.]

72. Department's circular of June 29, 3 p.m.[75] Dutch Government states that before it gives its formal adhesion again to the amended resolution of the United States Government covering shipment of arms and munitions of war to China it desires to learn whether Italian Government has adhered without reservation to the amended resolution.

SUSSDORFF

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[74] See footnote 91, p. 748.

[75] See footnote 71, p. 734.

893.113/324 : Telegram

The Ambassador in Belgium (Fletcher) to the Secretary of State

BRUSSELS, *July 28, 1922—11 a.m.*
[Received 10:47 p.m.]

53. Department's telegram of June 29, 3 p.m. to London. Have received a note from the Belgian Government stating that it is disposed to take the steps mentioned in article 2 of the amended resolution prohibiting sale of arms and munition[s] to China and that in fear of such, measures have already been applied in Belgium since the diplomatic agreement signed at Peking to this end in 1919. The note further states that arms are being sent to China in the ships of one of the countries signing the agreement of 1919 and that while this continues Belgium's adherence to the agreement would be to the injury of an old and important Belgian industry and to the advantage of another nation. It expresses the hope that the Government of the United States may succeed in getting all nations to agree in this matter and to abide by the agreement and in that case promised Belgium's hearty cooperation. Note by the next pouch.[76]

. . . . . .

FLETCHER

893.113/318 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, *August 15, 1922—5 p.m.*

122. Your 121, July 24, 1 p.m.

Cannot Italian Government now give definite reply to proposal contained in Department's 98 of July 14, 4 p.m.?

HUGHES

893.113/341

The Chargé in France (Whitehouse) to the Secretary of State

No. 2246 PARIS, *August 18, 1922.*
[Received August 29.]

SIR: With reference to the Department's circular telegram repeated to this Embassy through London on June 29th,[77] regarding the shipment of arms and munitions of war to China, I have the honor to enclose herewith copy and translation in triplicate of the reply of the French Foreign Office.[76]

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[76] Not printed.
[77] See footnote 71, p. 734.

The French Government points out that an embargo already exists as to shipments from French territory, but suggests that in view of the proposal of the British Government that the Diplomatic Corps at Peking should deliberate again on the definition and interpretation of arms and munitions, it might be advisable to await the result of this new deliberation before formally confirming the resolution contained in the Department's telegram.

I have [etc.] SHELDON WHITEHOUSE

893.113/348

The British Embassy to the Department of State

AIDE MEMOIRE

Through their representatives at the capitals concerned, the United States Government recently proposed to the British, French, Belgian, Dutch, Italian, Portuguese and Japanese Governments the adoption of the amended resolution drafted at the Washington Conference which reads as follows:—

"(1) The United States of America, Belgium, the British Empire, France, Italy, Japan, the Netherlands and Portugal affirm their intention to refrain from exporting to China arms or munitions of war, whether complete or in parts, and to prohibit such exportation from their territories or territories under their control, until the establishment of a Government whose authority is recognised throughout the whole of China.

"(2) Each of the above powers will forthwith take such additional steps as may be necessary to make the above restrictions immediately binding.

"(3) The scope of this resolution includes all concessions and settlements in China.

"(4) The United States of America will invite the adherence to this resolution of the other powers in treaty relations with China."

In a note addressed to the American Ambassador in London, dated July 19th,[80] His Britannic Majesty's Government acknowledged the receipt of this proposal and, while undertaking to govern their policy in accordance with its terms, urged that the time had come when the whole question of the Chinese arms embargo should be reviewed by the diplomatic representatives at Peking in order that the embargo might be not only reaffirmed but, if thought desirable, extended and more precisely defined. In particular, it is the opinion of His Majesty's Government, as already expressed to the United States Government in Sir Auckland Geddes' note No. 464 of June 16th, that the embargo should be made to include materials and tools destined directly or indirectly for the manufacture of arms or munitions of war, arsenal equipment, and personnel to supervise or assist in the

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[80] See telegram no. 303, July 20, from the Ambassador in Great Britain, p. 736.

use or manufacture of such arms and munitions and the training of such personnel. In the note addressed to Mr. Harvey on July 19th it was added that satisfactory replies to this proposal for referring the question to the diplomatic representatives at Peking had been received from the Belgian, French, German, Italian and Portuguese Governments, and, in view of their past attitude in this question, special attention was drawn to the fact that the Italian Government had declared themselves as sharing the view of His Majesty's Government with regard to the desirability of an extension of the embargo on the lines suggested.

The Japanese Government have indicated their approval of the proposal to inaugurate a discussion at Peking and His Majesty's Government therefore earnestly trust that the United States Government may now see fit to accept the suggestion and to instruct their Minister at Peking accordingly.

[WASHINGTON,] *September 15, 1922.*

893.113/348

The Department of State to the British Embassy

AIDE MEMOIRE

The Department of State has received from the British Embassy an *Aide Memoire* dated September 15, 1922, with reference to the amended resolution submitted at the Conference on the Limitation of Armament regarding the export to China of arms and munitions of war.

The memorandum dated June 23, 1922, which was sent to the British Embassy,[81] gives in detail the various steps taken by this Government in connection with efforts to have the above mentioned resolution formally adopted by the various Governments concerned. Since the above memorandum was written, however, the Department has sent a telegram to the American Minister at Peking[82] giving him, for his information, the substance of the two notes received from the British Government on the subject of the Arms Embargo and instructing the Minister to discuss with his interested colleagues the proposals made by the British Government. The American Minister was also instructed to bear in mind, in connection with these discussions, the limited terms of the statute of the American law which prohibits only the exportation to China of "arms and munitions of war" and the difficulty and perhaps improbability of obtaining further legislation.

[81] Not printed.
[82] No. 183, July 24, *ante*, p. 737.

On September 2 the Department of State inquired of the American Minister at Peking, by telegraph,[83] what action, if any, had been taken by the Diplomatic Body in connection with the proposals of the British Government above mentioned, and on September 6 a reply was received [83] stating that owing to the absence from Peking of many chiefs of missions no meetings of the Diplomatic Body had been held since the receipt of the Department's instructions to the Minister to discuss with the Diplomatic Body the desires of the British Government to make more effective the Arms Embargo. Minister Schurman, in his telegram, also stated that arrangements were being made for a meeting of the Diplomatic Body at an early date at which time this subject would be discussed.

WASHINGTON, *September 22, 1922.*

893.113/352 : Telegram

The Ambassador in Italy (Child) to the Acting Secretary of State

ROME, *September 22, 1922—1 p.m.*
[Received September 22—12:16 p.m.]

169. Department's 122, August 15, 5 p.m. Note received today from Foreign Office states that in view of its declaration to suspend deliveries of Italian arms in China, etc. (see my 110, July 12, 1 p.m.), and also in view of recent proposal which British Government has addressed to Allies and Associates to review, in an international conference at Peking, the embargo of 1919 to the end that the clauses be rendered more complete and efficacious, Italian Government no longer thinks it necessary to give formal adhesion to resolution that, based on same argument and for same object, was proposed at Conference of Washington.

CHILD

893.113/361 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *October 4, 1922—11 a.m.*
[Received October 4—9:40 a.m.]

405. My 359, September 6, 5 p.m.[83] Diplomatic body meeting 3d unanimously adopted draft identic telegram as follows:

"As regards the arms embargo the diplomatic body unanimously approved the Washington formula 'arms or munitions of war whether complete or in parts' but they could not agree on any modification of that language for the purpose of extending or

[83] Not printed.

strengthening the prohibition. They unanimously agreed, however, to submit to their respective Governments the following interpolation of note, namely: 'This is understood to include aircraft other than commercial aircraft and machinery and materials destined exclusively for the manufacture of arms or the equipment of arsenals'."

SCHURMAN

893.113/363 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *October 5, 1922—noon.*
[Received October 5—7:30 a.m.]

408. My 405, October 4, 11 a.m. Netherlands Minister after his return from meeting of diplomatic body, October 3d, wrote dean that it would be difficult for him to send to his Government identic telegram owing to the fact that the Dutch laws give the Government no power to prevent the export of "materials exclusively destined for the manufacture of arms and munitions." Resolution of the Washington Conference was changed at the request of the Netherlands delegation to read "arms and munitions of war complete or in parts."

SCHURMAN

893.113/363 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *October 12, 1922—4 p.m.*

239. Your 405 October 4, 11 a.m., 408 October 5, noon.

Department is gratified at agreement of Diplomatic Body on formula as stated but before considering resolution and interpolation desires to know who initiated proposal that exception be made in case of commercial aircraft. Department has all along understood that some of the principal powers represented at Peking have not favored importation of commercial airplanes into China. What was attitude of British and Japanese representatives in discussion of subject in meeting of diplomatic body? Department is informed that in addition to 40 Vimys under contract of October 1, 1919, Vickers has supplied China with 100 Avros and that a number of Handley-Pages have also been imported for mail purposes. Can Legation state definitely number of planes imported under above contracts and the approximate date or dates of such importations? Department desires especially to know whether any importations either commercial or military type have been made recently under these or other contracts.

HUGHES

893.113/374 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *October 24, 1922—4 p.m.*
[Received October 24—10:10 a.m.]

426. Your 299 [*239*], October 12, 4 p.m. French Minister insisted commercial aircraft be excepted from embargo. British Legation have consistently taken contrary view and assert that British authorities have, since conclusion of Vickers and Handley-Page agreements, opposed several British applications to import planes. Japanese agree with British. British importations under Vickers agreement 60 Avro, 35 Vim S, 40 Vim Y machines; under Handley-Page agreement 6 Handley-Page and 8 Avro machines. All these came 1920 or early in 1921. So far as known no other importations of planes from any source.

SCHURMAN

893.113/380 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *October 28, 1922—2 p.m.*
[Received October 28—8:20 a.m.]

431. Your 251, October 26, 6 [7] p.m.[84] Norwegian Minister has stated that he is unable to join in identic telegram as he believes that his Government has not adhered to arms embargo resolution of Washington Conference and consequently is not acquainted with details of matter (see my despatch no. 1033, October 14[84]). No further development in status of arms embargo agreement has occurred and Netherlands Minister still maintains position already taken. Matter will come up for discussion again at meeting of diplomatic body in near future.

SCHURMAN

893.113/380 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *November 6, 1922—6 p.m.*

257. Your 431, October 28, 2 P.M. With reference to aircraft. The Department considers it of primary importance for the Diplomatic Body to arrive at a common understanding. This government is therefore prepared to subscribe to the terms of the interpolation to the draft identic telegram (as reported your 405 October 4: 11 A.M.) which includes within the embargo " aircraft other than commercial

[84] Not printed.

aircraft". If however further discussions lead to the conclusion that it would be desirable to include all aircraft within the embargo, it is also prepared to accept this alternative for the sake of uniformity.

HUGHES

AMERICAN PROPOSAL FOR A MUTUAL UNDERTAKING AMONG THE POWERS TO REFRAIN FROM ASSISTING CHINA IN NAVAL CONSTRUCTION

893.34/163

The Assistant Secretary of the Navy (Roosevelt) to the Secretary of State

WASHINGTON, *March 14, 1922.*

MY DEAR MR. SECRETARY: I am enclosing you a dispatch which has just been received from our Naval Attaché in Pekin. From all reports he is a thoroughly reliable and trustworthy man.

Believe me [etc.] THEODORE ROOSEVELT

[Enclosure—Telegram]

The Naval Attaché at Peking (Hutchins) to the Secretary of the Navy (Denby)

PEKING, *March 14, 1922—8: 14 a.m.*

1613. Reference my 1616–1400 October and my 1607–1500 November my 1610–1100 February. Very Urgent. I have just been reliably informed that in consequence of apathetic attitude of United States Government and of Bethlehem steel corporation the Chinese authorities are discussing among themselves at present time advisability of giving task of Naval reorganization and building program to another Government and its nationals. Please advise attitude I should take. Having in mind Naval situation in Pacific. Present and probable future. Such procedure on China's part would be in my opinion most serious loss to United States and we should try to prevent it by every possible effort. 1530.

[COMDR. CHARLES T. HUTCHINS]

893.34/163

Memorandum by the Assistant Chief of the Division of Far Eastern Affairs, Department of State (Lockhart)

[WASHINGTON,] *March 16, 1922.*

MR. SECRETARY: In 1911 the Chinese Government entered into a contract with the Bethlehem Steel Company for the construction of certain naval vessels which, among other things, provided for the

sending of American Naval officers to China to teach on board Chinese naval vessels.[85] In November, 1913, the Chinese Government requested the American Government to indicate its willingness to provide the assistance above mentioned, and after consultation with the Navy Department, the State Department indicated its willingness to proceed in the matter. In January, 1914, however, the State Department was advised that five British Naval officers were also to be employed. This seemed incompatible with the arrangements previously made for the employment of American Naval officers, and the State Department had under consideration the matter of rejecting the entire proposal. It was finally decided, however, to hold the matter in abeyance.

Inquiry of the Chinese Government elicited the information on June 7, 1921, that the Chinese Government at that time had no contract with any foreign power for the employment of Naval advisers, instructors or organizers in the Chinese Navy and that any such proposals that might have been made previously had been withdrawn owing to the existence of the contract made by the Chinese Government with the Bethlehem Steel Corporation in 1911.

Since early in the summer of 1921 the Chinese Government has been agitating with our Legation at Peking and particularly with the Naval Attaché for the fulfillment of the contract of the Bethlehem Steel Corporation. The Department has been reluctant to encourage the execution of the contract first, because of the Division between the North and South in China, and the joint declaration of the Allied and Associated Powers in May, 1918 [*1919*],[86] to the effect that they would mutually undertake to restrict the shipment of arms and munitions of war to China until it should be clear that such shipments would not be used for the furtherance of civil strife in China; secondly because it would be bad policy to encourage such expenditures on Naval construction when funds were so greatly needed to carry on the internal administration of the country.

On August 4, 1921 we informed the Chinese Government that the Bethlehem Steel Corporation considered that the preliminary contract of 1911 was still binding and that it was ready to designate a representative to negotiate the supplemental contracts required to execute the contract of 1911. But we instructed the Minister to state to the Chinese Minister of the Navy that in view of the then forthcoming Conference on the Limitation of Armament, this Government considered that the matter of employment of Naval advisers should be held in abeyance.

F[RANK] P. L[OCKHART]

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[85] Contract not printed, nor is any of the subsequent correspondence which Mr. Lockhart mentions.

[86] *Foreign Relations*, 1919, vol. I, p. 670.

893.34/168 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *April 28, 1922—6 p.m.*

103. Your 127, April 3, noon, and 175, April 28, 2 p.m.[87]

Department is greatly concerned to note evident desire on the part of some of the officials of the Chinese Government to proceed on a comparatively large naval building program at this time when the trend of such undertakings is distinctly in an opposite direction as evidenced by the naval treaty signed at Washington February 6, 1922.[88] The American Government would view with great concern any steps which the Chinese Government might take to nullify the work and influence of the recent Washington Conference and no less so any steps which the Chinese Government might take to vitiate an American contract entered into in good faith. This Government would of course take every necessary precaution to protect the contractual rights of the American Corporation and would expect the Chinese Government, if it should be decided that it should go ahead with its naval expansion regardless of its present financial and internal difficulties, and in spite of the practically universal desire to reduce naval armament, to live squarely up to the terms of the Bethlehem contract. The whole question is now under discussion with representatives of the Corporation and further instructions will be telegraphed you. In the meantime you may informally and orally communicate the above to the Chinese Government and express the hope that the matter may be held in abeyance until you receive further instructions.

HUGHES

893.34/170a

The Department of State to the Japanese Embassy[89]

AIDE MEMOIRE

By an agreement dated October 21, 1911 (of which a copy is attached herewith for reference[90]), the Bethlehem Steel Corporation of New York entered into arrangements with the Chinese Government for the construction or improvement of factories for the manufacture of guns and ammunition, for the improvement of existing dockyards and arsenals, and for the construction of naval vessels and guns.

The Chinese Government has recently requested the Company to enter into negotiations for the detailed supplementary agreements

[87] Neither printed.
[88] *Ante*, p. 247.
[89] The same, *mutatis mutandis*, to the British, French, and Italian Embassies.
[90] Not printed.

for which provision is made in Articles I and IV, and has requested the Government of the United States to furnish the technical assistance contemplated by Article V of this agreement.

While recognizing the validity of the rights accruing to the Bethlehem Steel Corporation under this agreement, the Government of the United States, having discussed the question with the American corporation in interest, and having been assured by it of its willingness to be guided by the determination of this Government on the matters of policy involved, desires frankly to consult the Governments of the British Empire, France, Italy and Japan in order to ascertain their views as to the propriety of undertaking at the present time any such program of naval development in China as is contemplated by the agreement of the Bethlehem Steel Corporation. Should it be the view of these Governments that the construction of naval vessels, arsenals and dockyards for the account of the Chinese Government or of its administrative subdivisions or local authorities, or the giving of technical naval assistance, should not be undertaken by foreign Governments or their nationals pending the restoration of a unified Government in China, the Government of the United States is prepared, while of course reserving the eventual rights of the Bethlehem Steel Corporation under its agreement of October 21, 1911, to give assurance that pending the realization of such political conditions in China, no steps will be taken by the American corporation concerned, or by the American Government, to avail themselves of the rights established by this agreement. It is of course to be understood that this assurance would be given subject to the undertaking that the Governments and the nationals of the British Empire, France, Italy and Japan will likewise refrain from undertaking, either directly or indirectly, any similar naval development or technical assistance.

The Government of the United States accordingly requests an expression of the views of the Japanese Government on this question.

WASHINGTON, *May 4, 1922.*

893.34/169a : Telegram

The Secretary of State to the Ambassador in Japan (Warren) [91]

WASHINGTON, *May 4, 1922—2 p.m.*

37. I am today handing to the Japanese, British, French and Italian representatives here an *aide memoire* to the following effect:

[Here follows text of *aide-mémoire* printed *supra.*]

You will communicate the above to the Foreign Office and request an expression of its views.

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[91] See penultimate paragraph for instructions to repeat to Peking; also last paragraph concerning repetition to the Ambassadors in Great Britain (no. 127), France (no. 131), and Italy (no. 56).

Repeat to Peking for its information, omitting last sentence.

(Same *mutatis mutandis* to London as no. 127, to Paris as no. 131, to Rome as no. 56.)

HUGHES

893.34/170 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *May 6, 1922—6 p.m.*

[Received 8 p.m.]

204. My no. 186 of May 1, 7 p.m.[92] The Chinese Navy Department has sent me a memorandum dated May 4. It states that it is not proposed to reorganize China's Navy for purposes of offense but for the following objects: (1) to protect foreign interests, particularly after extraterritoriality is abolished and foreign patrol ships are withdrawn; (2) to suppress pirates; (3) to perform general revenue and police duties; (4) to protect local waters. The memorandum also says that a properly trained navy of this kind could put a quick stop to internal disorders caused by military chiefs.

For the present the kinds of ships would be limited to gunboats and flying craft and to cruisers for coastwise patrol. The types and numbers would be decided later upon recommendations from a committee of naval advisers.

The kinds and numbers decided upon would determine the cost. Before other financial arrangements are made there must be negotiations with the Bethlehem Steel Corporation and a modified contract must be secured. At the present stage it is not possible to furnish additional details.

The basic question is whether the Bethlehem Steel Corporation and the American Government are ready to aid China in reorganizing its Navy. During the past decade the entire subject has been discussed many times. There remains nothing for further discussion and consideration. A categorical reply to the above question is what is now wanted. The Chinese Navy Department states that no long time is needed to cable this question and to receive a telegraphic reply.

SCHURMAN

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[92] Not printed.

893.34/170 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *May 9, 1922—4 p.m.*

117. Your telegram No. 204, May 6th, 6 p.m.

You will by now have received the Department's telegram No. 37, May 4, 2 p.m., to Tokyo.

While this Government has felt obligated to consult the British, French, Italian and Japanese Governments in view of the Arms Embargo agreement of May, 1919,[93] and in order to avoid all possibility of misunderstanding with respect to the recent Naval Limitation Treaty with those Powers, you will note that this Government expressly reserves all rights accruing under the Bethlehem contract and would expect to proceed with the matter in preference to any other nationality.

You will explain to the appropriate authorities the position of this Government in the matter as set forth in the present instruction and in the Department's telegram cited above.

HUGHES

893.34/171

The Italian Embassy to the Department of State

The contents of the Department's memorandum of May 4th[94] in regard to China's naval development have been cabled to the Italian Government requesting an expression of their views on the matter.

In reply, the Minister of Foreign Affairs has just informed the Italian Embassy that the Government of Italy shares the views expressed by the United States Government as to the propriety of not undertaking at present, either directly or indirectly, the naval development or technical assistance requested by the Chinese Government, until such time as normal conditions and a unified Government are restored in China.

He adds that, owing to the present serious situation, and in compliance with the unanimous protests of the Allies, the Royal Government of Italy suspended the fulfilment of a contract made by an Italian firm for the delivery of arms in China, and that this the Government did in spite of the consequent heavy loss it had to sustain.

The Italian Government believes that, for the same reasons of opportunity, it would be advisable on the part of the Bethlehem Steel Corporation of New York to postpone the carrying out of the agreement entered into on October 21, 1911.

WASHINGTON, *May 12th, 1922.*

[93] *Foreign Relations*, 1919, vol. I, p. 670.
[94] See footnote 89, p. 747.

893.34/174 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, *May 24, 1922—6 p.m.*

[Received 6:50 p.m.]

220. Your telegram number 127, May 4, 2 p.m. via Paris.[95] In reply to a communication made to the Foreign Office pursuant to your instruction I am today in receipt of a note reading as follows:

"His Majesty's Government attach great importance in the present disordered state of China and pending the restoration of a unified government in that country to the maintenance of the existing embargo on the importation of arms and ammunition both in the letter and the spirit and they are about to propose that the diplomatic representatives of the powers at Peking should discuss the whole question in order to place the embargo policy on a more satisfactory footing and to define and widen its scope so as to include materials and tools destined directly or indirectly for the manufacture of arms and munitions of war, arsenal equipment and personnel to supervise or assist in the use or manufacture of such arms and munitions.

His Majesty's Government therefore think it highly undesirable in existing circumstances that foreign governments should countenance the construction of naval vessels, arsenals and dockyards for the account of the Chinese authorities or the giving of technical naval assistance to them, and I have pleasure in assuring Your Excellency that His Majesty's Government for their part will not undertake or countenance the undertaking by British nationals, either directly or indirectly, of any such naval development until the restoration of a unified government and normal political conditions in China renders a continuation of the arms embargo policy no longer desirable.

This assurance is of course given on the understanding that a similar undertaking is given by the Governments of France, Italy and Japan and that consequently the United States Government definitely adhere to a similar policy. Also it is presumed that in the event of any other government proposing to undertake similar naval development or technical assistance for the account of the Chinese Government the parties to the present arrangement would be at liberty to review their decision."[95a]

HARVEY

893.34/178

The Japanese Embassy to the Department of State

With reference to the memorandum of May 4 which the Government of the United States delivered to the representatives in Washington of the British Empire, France, Italy, and Japan, requesting the governments of these countries to express their views as to the propriety of undertaking at the present time any such program of

[95] See footnote 91, p. 748.

[95a] For Department's reply, see telegram no. 157, June 2, to the Ambassador in Great Britain, *ante*, p. 729.

naval development in China as is contemplated by the Agreement of October 21, 1911, between the Chinese Government and the Bethlehem Steel Corporation of New York under which the Chinese Government have recently requested the corporation to enter into negotiations for the detailed supplementary agreements provided for in Articles 1 and 4 of the said Agreement and have further requested the Government of the United States to furnish the technical assistance contemplated by Article 5 thereof, the Japanese Government have the honor to reply as follows:—

It needs hardly be said that in China there is at the present time no central government of sufficient strength and stability really to rule the whole of the country, and that some of the influential local authorities, maintaining armies for their own ends, are indulging in strife, these contending influences being subject to incessant vicissitudes.

Under such a state of affairs the apprehension is by no means unwarranted that the assistance of foreign countries in the construction or improvement of China's armaments in the interests of China as a whole might be turned by a particular Chinese party or faction to its own account and might thus have the effect of promoting internal strife in China, an effect entirely contrary to that intended. In other words, a program designed for the benefit of China might have unfortunate consequences for her people.

The Japanese Government accordingly take the view that the construction of naval vessels, arsenals and dockyards for the account of the Chinese Government or their administrative subdivisions or local authorities, or the giving of technical naval assistance, by foreign governments or their subjects or citizens, before the realization of peace and unity in China, is not only very undesirable, but that it is also contrary to the object and spirit of the Nine Power Treaty and the resolutions adopted by the Washington Conference regarding China.

Having been assured by the Government of the United States that pending the stabilization of political conditions in China no steps would be taken by the American Government in the execution of the Agreement in question, subject to the understanding that the Governments of the other countries and their subjects and citizens will likewise refrain from undertaking any similar naval development or technical assistance, it being understood that the American Government will assume the same attitude in other similar cases as in the present case, the Japanese Government are prepared to subscribe to the understanding referred to above, provided that a similar assurance be given by the Governments of the British Empire, France and Italy.

WASHINGTON, *May 31, 1922.*

893.34/181 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 22, 1922—7 p.m.*
[Received June 22—10:03 a.m.]

279. Having communicated to Chinese Foreign Office text of memorandum contained in Department's May 4, 2 p.m., to Tokio,[96] Under Minister for Foreign Affairs transmits from Minister of Marine communication which after reciting facts of the case ends, "having now received statement of American Minister that at present Bethlehem Steel Corporation and the United States Government cannot undertake to carry out the contract, therefore previous discussions should be entirely canceled and the matter ended. It is [requested] that you inform American Minister to take the necessary action in the premises." Minister for Foreign Affairs says, "I have the honor to transmit the above to you for your information."

SCHURMAN

893.34/181 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *June 29, 1922—5 p.m.*

161. Your 279, June 22, 7 p.m.

What interpretation does the Legation place on the statement "previous discussions should be entirely canceled and the matter ended"? Is the Department to understand that the Minister of Marine means that the "discussions" are ended or that the contract, in the opinion of the Minister of Marine, has in any way lapsed or been abrogated? Your further comment on the attitude of the Minister of Marine regarding this point is desired by the Department.

HUGHES

893.34/182 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, *July 5, 1922—4 p.m.*
[Received July 5—12:50 p.m.]

277. Your 131, May 4, 2 p.m.[97] Am officially notified French Government prepared to subscribe to agreement relative to Bethlehem Steel Corporation contract with China.

HERRICK

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[96] *Ante*, p. 748.
[97] See footnote 91, p. 748.

893.34/183 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *July 11, 1922—6 p.m.*
[Received July 11—4:27 p.m.]

302. Your 161, June 29, 5 p.m. Chinese text of note signifies that in view of Ministry of Navy the entire project should naturally be canceled and the case terminated. Clause under discussion does not specify contract but uses more comprehensive term, connoting the business in its entirety, namely, contract and negotiations arising therefrom.

The reason adduced by Ministry of Navy for arriving at this decision is the inability of Bethlehem Corporation and the American Government to undertake to carry out the contract.

The phrase "should naturally be canceled" in paragraph one above is the usual polite Chinese way of saying "we are canceling it." In other words in Chinese mentality the whole matter is terminated.

Nevertheless last sentence of Ministry's note if literally construed indicates that cancelation is not complete without American action and furnishes logical ground for continuing negotiations.

SCHURMAN

893.34/185a

The Department of State to the Japanese Embassy [98]

AIDE MEMOIRE

On May 4, 1922, there was handed to the Japanese Embassy an *Aide Memoire* with reference to an agreement of October 21, 1911, between the Bethlehem Steel Corporation and the Chinese Government, for the construction or improvement of factories for the manufacture of guns and ammunition, for the improvement of existing dockyards and arsenals, and for the construction of naval vessels and guns. Similar *Aides Memoires* were communicated to the British, French and Italian Embassies at Washington and the text thereof was telegraphed at the same time to the American Ambassadors at Rome, London, Paris and Tokyo, who were instructed to ascertain the views of the Governments to which they were respectively accredited as to the propriety of undertaking at the present time any such program of naval development in China as is contemplated by the above mentioned agreement of the Bethlehem Steel Corporation.

The Government of the United States indicated that if it should be the view of the Governments approached on the subject that the

[98] Similar *aides-mémoire* sent to the British, French, and Italian Embassies.

construction of naval vessels, arsenals and dockyards for the account of the Chinese Government or of its administrative subdivisions or local authorities, or of the giving of technical naval assistance, should not be undertaken by Governments so approached, or by their nationals, pending the restoration of a unified Government in China, the Government of the United States would be prepared, while of course reserving the eventual rights of the Bethlehem Steel Corporation under its agreement of October 21, 1911, to give assurance that pending the realization of such political conditions in China, no steps will be taken by the American Corporation concerned, or by the American Government, to avail themselves of the rights established by that agreement.

The Japanese Government assured the Department of State in a memorandum dated May 21 [*31*], 1922, of its acceptance of the policy proposed by the Government of the United States, and similar assurances have also now been received from the British, French and Italian Governments. This Government now gives the assurance referred to in the *Aide Memoire* of May 4, 1922, namely that pending the restoration of a unified Government in China, no steps will be taken by the American Corporation concerned, or by the American Government, to avail themselves of the rights established by the Bethlehem Steel agreement.

WASHINGTON, *July 25, 1922.*

893.34/193 : Telegram

The Acting Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *September 2, 1922—1 p.m.*

100. Your 136 of August 10, 3 p.m.[99] and your 141 of August 24, 3 p.m.[99]

This Department's memoranda of May 4, 1922, and July 25, while dealing with the specific case of the contract of the Bethlehem Steel Corporation, was of course a statement of the policy which this Government purposed following not only in that specific case, but in similar cases as well, provided the other interested Powers were of like mind. Therefore, this Government is glad to assure the Japanese Government that it will assume the attitude described in the memoranda above mentioned in other cases similar to that of the Bethlehem Steel Corporation. Any other policy would obviously discriminate against the established rights of that corporation.

You may so inform the Japanese Government in reply to its note of August 9.[99]

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[99] Not printed.

Since the Governments of Great Britain, France and Italy have accepted the proposal made in the Department's memorandum of May 4, which of course did not contemplate or imply that the American Government would in any circumstance support any other project similar to the Bethlehem contract, Department does not feel that it is necessary to reopen the question with these three Governments, particularly as they appear to understand the intent and purpose of this Government as set forth in the May 4 memorandum.

PHILLIPS

893.113/365

The British Ambassador (Geddes) to the Secretary of State

No. 752

His Britannic Majesty's Ambassador presents his compliments to the Secretary of State and, with reference to the *Aide Memoire* left by Mr. Peterson [1] with the Acting Secretary of State on September 15th last [2] with regard to the embargo on the export of arms and munitions of war to China, has the honour to state that it is the understanding of His Majesty's Government that, as set forth in the *Aide Memoire* from the Department of State communicated to this Embassy under date of July 25th last,[3] the Governments of the United States, Japan, France, Italy and Great Britain are mutually pledged, pending the restoration of a unified Government in China, to refrain from extending, either directly or through their own nationals, any assistance to China for the purpose of naval development.

His Majesty's Government nevertheless cannot but consider it desirable that this understanding should be formally confirmed by the other parties to the forthcoming discussions on the subject of the embargo to be held in Peking who are understood to be the additional signatories to the original embargo agreement of 1919, with the exception of Russia, and also the Governments of Germany and Austria.

His Majesty's Ambassador would be gratified to learn the view of the United States Government on this proposal.

WASHINGTON, *October 4, 1922.*

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[1] M. D. Peterson, Secretary of the British Embassy.
[2] *Ante*, p. 740.
[3] See footnote 98, p. 754.

893.113/365 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)[4]

WASHINGTON, *October 17, 1922—6 p.m.*

118. Department's 78 July 5 [*25*], 3 P.M.[5]

You may inform the Japanese Government that in the opinion of this Government it would seem advisable to ask the adherence of those Powers participating in or adhering to the Arms Embargo of 1919, with the exception of Russia, and also the Governments of Germany and Austria. The British Government has already intimated its views and this Government awaits the concurrence of the French, Italian and Japanese Governments before taking action.

Repeat to Peking as Department's 242 referring to No. 185 July 5 [*25*], 3 p.m.[6]

HUGHES

893.113/365

The Secretary of State to the British Ambassador (Geddes)

The Secretary of State presents his compliments to His Excellency the British Ambassador and has the honor to acknowledge the receipt of the memorandum of October 4, 1922, relative to the withholding of naval assistance to China pending the restoration of a unified Government.

Careful consideration has been given to the views set forth in the memorandum of the British Ambassador, and the Secretary of State concurs in the wisdom of requesting the adherence of those Powers (with the exception of Russia) participating in or adhering to the original embargo agreement of 1919, and also of the Governments of Germany and Austria, to the understanding reached by the Governments of the United States, Japan, France, Italy and Great Britain.

This Government is therefore asking the assent of the Governments of France, Italy and Japan, with a view to requesting the formal adherence of the other governments above mentioned.

WASHINGTON, *October 18, 1922.*

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[4] See last paragraph for instructions to repeat to Peking as no. 242. Similar telegram to the Ambassador in France, as no. 319, with instructions to repeat to the Ambassador in Italy, as no. 148, for like action.

[5] Not printed; gave substance of *aides-mémoire* to the Japanese, British, French, and Italian Embassies, July 25, with instructions to inform the Japanese Government.

[6] Instruction no. 78 to the Ambassador in Japan, repeated to the Minister in China as no. 185.

893.113/383

The British Ambassador (Geddes) to the Secretary of State

No. 828

His Britannic Majesty's Ambassador presents his compliments to the Secretary of State and, with reference to Mr. Hughes' *note verbale* of October 18th last relative to the withholding of naval assistance to China pending the restoration of a unified Government, has the honour to inform him that, as the Arms Embargo Agreement of 1919 is in process of being superseded by the recommendations to be made by the Corps Diplomatique at Peking, which it is hoped that all the Powers represented thereon will accept, His Majesty's Government are of opinion that it would be convenient and logical for the same Powers to be asked to adhere to an understanding regarding the withholding of assistance to China in connection with naval development. This procedure would afford the additional advantage of including the Norwegian and Swedish Governments.

With regard to the drawing up of the agreement, it is the view of His Majesty's Government that the most convenient course to adopt would be for the Corps Diplomatique at Peking to discuss, and subsequently to recommend to their respective Governments, the exact formula to be adopted, as was done in the case of the Arms Embargo.

His Majesty's Government would be glad to receive the views of the United States Government on this proposed method of procedure.

WASHINGTON, *November 2, 1922.*

893.113/384 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, *November 3, 1922—4 p.m.*

[Received 7 : 55 p.m.]

446. Your 319, October 17, 5 p.m.[7] Foreign Office informs me it concurs with the views of the United States Government relative to requesting the adhesion of those powers participating in or adhering to the arms embargo of 1919.

HERRICK

[7] See footnote 4, p. 757.

893.113/388a : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *November 11, 1922—7 p.m.*

262. Department's 242, October 17, 6 p.m., via Tokyo.[8]

British Government has suggested that the Diplomatic Body at Peking consider and subsequently recommend to their respective governments a formula to be adopted as in the case of the Arms Embargo. This procedure commends itself to this Government and when satisfactory replies have been received from the French, Italian and Japanese Governments the Department will advise you with a view to your presenting to the Diplomatic Body the following formula for consideration as a supplement to the Arms Embargo Agreement:

"The representatives of (Bracket) Here name the Powers diplomatically represented in Peking of course excluding Russia (Bracket) agree that the construction of naval vessels, arsenals and dockyards for the account of the Chinese Government or of its administrative subdivisions or local authorities or the giving of technical naval assistance shall not be undertaken by any of the said governments or their nationals pending the restoration of a unified government in China."

In view of the special relationship to this matter created by the Bethlehem Contract you will in presenting the above formula propose to annex to it the following declaration in behalf of this Government:

"In accepting the above agreement, the Government of the United States, while reserving the eventual rights of the Bethlehem Steel Corporation under its contract of October 21, 1911, with the Chinese Government, gives its assurance that no steps will be taken by the American corporation concerned, or by the American Government, to avail themselves of the rights established by that Company's contract, so long as the present understanding remains in force among the Treaty Powers."

In this connection you will furnish copies of the Bethlehem contract to the Legations participating in the proposed agreement.

Repeat to Tokyo for its information, as Department's 138.

HUGHES

[8] See footnote 4, p. 757.

893.113/388 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, *November 13, 1922—1 p.m.*
[Received November 13—2:46 a.m.]

195. Your 118, October 17, 6 p.m. The Japanese Government has no objection to your proposal and request[s] American Government to communicate with other governments.

WARREN

893.113/383

The Secretary of State to the British Ambassador (Geddes)

The Secretary of State presents his compliments to His Excellency the British Ambassador and has the honor to acknowledge the receipt of the memorandum (No. 828) of November 2, 1922, relative to the withholding of naval assistance to China pending the restoration of a unified Government.

The views of this Government coincide with those of the British Government as expressed in the aforesaid memorandum. As soon as the Governments of Italy and Japan have assented (the French Government having already signified its agreement) to the proposal set forth by this Government in its memorandum to His Excellency the British Ambassador dated October 18, 1922, the Government of the United States will instruct its Minister in Peking to present to the Diplomatic Body the following formula for consideration and adoption as a supplement to the Arms Embargo Agreement of 1919:

"The representatives of . . . . . agree that the construction of naval vessels, arsenals and dockyards for the account of the Chinese Government or of its administrative subdivisions or local authorities or the giving of technical naval assistance shall not be undertaken by any of the said governments or their nationals pending the restoration of a unified government in China".

In view, however, of the special relationship to this matter created by the Bethlehem Steel Contract of 1911 the American Minister has been further instructed that in presenting the above formula he shall propose to annex to it the following declaration in behalf of this Government:

"In accepting the above agreement, the Government of the United States, while reserving the eventual rights of the Bethlehem Steel Corporation under its contract of October 21, 1911, with the Chinese Government, gives its assurance that no steps will be taken by the American corporation concerned, or by the American Government, to avail themselves of the rights established by that Company's contract, so long as the present understanding remains in force among the Treaty Powers".

WASHINGTON, *November 16, 1922.*

893.113/391 : Telegram

The Chargé in Italy (Gunther) to the Secretary of State

ROME, *November 18, 1922—2 p.m.*
[Received November 18—11:25 a.m.]

231. Department's 148, October 17, 5 p.m.[9] Evasive reply received from Foreign Office states Italian Government has no objection to United States inviting Powers mentioned to give their assent to the proposals contained in Department's 56, May 4, 2 p.m., to [*via?*] Paris[10] and 107, July 25, 2 [*3*] p. m.[11] Effort being made to secure definite assurance of adherence to proposals outlined in Department's 148, October 27 [*17*], 5 p.m. via Paris.

GUNTHER

893.113/399a : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *November 22, 1922—5 p.m.*

270. Department's 262, November 11th, 7 P.M. You may present formula to Diplomatic Body for consideration.

Repeat to Tokyo for its information as Department's 144.

HUGHES

INCONCLUSIVE NEGOTIATIONS FOR A CONSORTIUM LOAN TO THE CHINESE GOVERNMENT[12]

893.51/3668 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *January 3, 1922—10 p.m.*
[Received January 3—6:45 p.m.]

4. Chinese Government proposes to the representatives new consortium issue in China of [silver] bonds approximately $96,000,000 secured for the present upon the salt revenues, later on to be charged on the customs surtax which the Chinese Government expects Washington Conference will authorize and maintain effective at an early date. Consortium representatives approve proposal, full details cabled yesterday New York, Tokyo, Europe.

I concur in the views of the consortium representatives as to the extent and seriousness of injury to consortium [prestige?] and prospects in China if Chinese proposal is rejected. While recog-

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[9] See footnote 4, p. 757.
[10] See footnote 91, p. 748.
[11] Not printed.
[12] For previous consortium negotiations, see *Foreign Relations*, 1921, vol. I, pp. 355 ff.

nition of the consortium is not complete it is enough to constitute promising beginning. Scheme if honestly carried out will help China. Loans on the security of increased customs tariff seem the most hopeful if not indeed the only means for the financial rehabilitation of the Government. And the new Cabinet though arousing no general enthusiasm has some unusually able members and seems to aim to [*at*] businesslike administration of public affairs.

SCHURMAN

893.51/3682

The Secretary of State to the American Group

WASHINGTON, *January 18, 1922.*

GENTLEMEN: The Department acknowledges, with thanks, your letter of January 11, 1922,[13] with enclosures as listed therein with exception of cable number 2005, January 5, 1922, to London which seems to have been omitted. The Department will be glad to receive it at your convenience.

The Department has given careful consideration to the enclosed cables, as well as to those forwarded in your letter of January 6, 1922,[13] and desires to state that it understands and appreciates the position taken by the American Group that it can not lend its aid to new financing while important existing defaults continue, particularly for loans without proper supervision and for administrative rather than constructive purposes. The Department notes your expression of willingness to reconsider if the other three Groups hold different opinions.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

Second Assistant Secretary

893.51/3700 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *January 21, 1922—5 p.m.*

[Received January 25—9:15 a.m.]

19. Group of Chinese banks have consented to buy Chinese treasury bonds amount $14,000,000 repayable 20 equal monthly installments. Four millions of dollars of bonds applied face value to extinguish Government's obligations. Banks receive discount $3,000,000 as interest on balance paid in advance, remainder will be paid Government in cash after deducting 1.03 percent transfer

[13] Not printed.

charge. Security is salt surplus. Gamble[14] under Government's instructions has guaranteed to transfer to banks [$]700,000 monthly for service bonds whenever surplus becomes available.

Presidential orders 19th approve recommendations of Chinese Director General Salt Administration for reform in service and negotiating above loan but stipulate there shall be no further foreign or Chinese loans on this security.

SCHURMAN

893.51/3722 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *February 10, 1922—10 p.m.*
[Received February 14—9:29 a.m.]

45. My 4, January 3, 10 p.m. Consortium not having accepted Chinese Government's proposal for refunding and consolidating salt surplus debts, an agreement therefore was ratified yesterday between Government and Chinese and Japanese banks holding such debts which follows general lines of proposal to consortium.

Service of new bonds will be through participating Chinese and Japanese banks. This will correspondingly reduce service of salt tax moneys by Reorganization Loan banks except of course Yokohama Specie Bank.

Of debts refunded by new bonds about 60,000,000 silver dollars held by Chinese and 30,000,000 Japanese.

Refunding agreement provides for automatic transfers of securities from salt surplus to customs increase due to effective 5 percent thus favoring these Chinese and Japanese salt surplus debts over other foreign debts, including American, which together aggregate over 100,000,000 gold dollars. I have objected in a conversation with Stevens[15] to this preference and he concurs.

Please advise whether Conference in authorizing increase of customs duties left China free to mortgage it without the consent of powers thereon as conferring a preferential security for one group of debts over debts of other nationals including past-due American debts and to put Chinese debts on a parity with foreign debts in the matter of security.

Assuming Conference reservation of customs increase for refunding foreign debts I consider such increase best hope by far for American creditors.

SCHURMAN

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[14] Sir Reginald A. Gamble, associate chief inspector, Chinese Government Salt Revenue Administration.

[15] Frederick W. Stevens, representative of the American group.

893.51/3788

Mr. Thomas W. Lamont[16] *to the Secretary of State*

NEW YORK, *April 7, 1922.*
[Received April 10.]

DEAR MR. SECRETARY: Reverting to our conversation of Wednesday concerning the Consortium for the assistance of China, we have deemed it wise to address a private letter to the members of the American Group, to the number of forty or thereabouts as indicated on this letterhead, along the lines of the draft letter enclosed.[17] Inasmuch, however, as we quote informally your expression of opinion on this matter, we will not venture to transmit this letter to the members until you have read it and have given us your sanction.

Assuring you of our continued desire to cooperate with the Department, I am

Yours sincerely,

T. W. LAMONT

893.51/3788

The Secretary of State to Mr. Thomas W. Lamont

WASHINGTON, *April 13, 1922.*

MY DEAR MR. LAMONT: Let me acknowledge and thank you for the letter of the 7th instant in which you assure me of the continued desire of the American Group of the Chinese Consortium to cooperate with the Department, and very courteously communicate to me the draft of a letter which you propose to transmit privately to the members of the American Group.

To answer first your implied request for my sanction of your reference to the remarks I made to you in our conversation of last Wednesday, I wish to assure you that I quite approve of your quotation of my comments, as embodied in the second paragraph of the draft letter.

I am in cordial agreement with the attitude formulated in your draft letter; and for that reason, since you have been good enough to communicate it to me in advance, I venture to suggest that it might be well to emphasize a viewpoint which is implicit in your statement but which should perhaps be stressed in view of its fundamental character. You are quite warranted in recalling that the

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[16] Chairman of American group.

[17] Draft letter not printed; it is identical with the letter from the managing committee to the members of the American group, Apr. 24, 1922 (*post*, p. 766), except for the addition of the penultimate paragraph of that letter which incorporates the suggestions of the Secretary expressed in his letter printed *infra*.

American Group was originally formed at the instance of the Department of State and along lines indicated by it, and that the organization of the new Consortium has been of peculiarly American conception; and in indicating that the organization was largely in the nature of a public service, designed to substitute the principle of international cooperation instead of competition in China, and that a breaking up of the Consortium would tend to re-establish conditions which it has been the object of this Government's traditional policies in the Far East to remove. It occurs to me however to suggest that it might be fitting and opportune for you to point out in this connection that the reason for these policies is to be found in the conviction that, in the interests of the future economic development of our own country, it is essential that our interests should preserve the opportunity for practical participation in the financial and industrial development of China; and that in this view of the matter the activity of our bankers in this field is not a matter of mere academic concern but a provision for a future stage in which they, jointly with our manufacturers and merchants, will feel a need for expansion into the potentially rich markets of China. It is not, therefore, in pursuance of some abstract or recondite governmental purpose that the former Administration enlisted the cooperation of the American Group, and that I have indicated to you my hope that that cooperation would be continued; but it is rather in the confidence that even a protracted unremunerative period of delay, before the Consortium can begin active functions, would in the long run prove amply justified by the ultimate benefits to the commercial and financial conditions of our own country.

If, as I believe is the case, you share this feeling that the continued concern of the American Group in Chinese affairs is a matter of wise prevision in their own interests, it might be well if your letter to the members of the Group were more explicitly to embody this viewpoint, which there is perhaps a tendency to overlook in these days of retrenchment.

Yours sincerely,

CHARLES E. HUGHES

893.51/3803

The American Group to the Secretary of State

NEW YORK, *April 24, 1922.*
[Received April 25.]

SIR: Referring to your personal letter of April 13th to Mr. Lamont, which was received after he left for abroad, we are very appreciative of the suggestions you make in connection with the letter we prepared to be sent to the members of the American Group. We have

incorporated your suggestions in a new paragraph at the end of the letter, and enclose a copy of the completed letter for your information and for the files of the Department.

Respectfully,

J. P. Morgan & Co.
For the American Group

[Enclosure]

The Managing Committee to the Members of the American Group

New York, *April 24, 1922.*

Dear Sirs: We have recently received various inquiries from members of the American Group, and from other sources, as to when it might be expected that the Consortium for the assistance of China might begin functioning. Inquiry has also been made as to whether, if the Chinese Government did not soon recognize the Consortium, it would be wise to consider the dissolution of the American Group. It is altogether likely that no such question has arisen in the minds of your good selves, but in any event, for your information, the Managing Committee has asked us to state to you that it is of the clear opinion that the American Group should continue intact, and with patience await the outcome of the situation in China.

For your further confidential information, Secretary Hughes recently expressed his personal opinion to one of the members of the Managing Committee that any possible withdrawal from the Consortium by the American Group at the present time would be a very serious matter, as concerning the status of affairs in the Far East. The Secretary expressed the earnest hope that the members of the American Group would continue to have great patience and be prepared, when the time came, to render their assistance along sound and legitimate lines to furthering the objects of the Consortium, which were designed not only for the maintenance of the principle of the Open Door in the Far East, but also for the upholding of American prestige.

In forwarding to you this informal expression, the Managing Committee suggests that we remind the members of the American Group that the Consortium was formed originally at the instance of the Department of State; that subsequent to the formation of the American Group along lines laid down by the Department, the Department secured the acquiescence of the Governments of Great Britain, France and Japan to the establishment of a new consortium for the assistance of China along broader lines than ever before. Thereafter, after considerable difficulties, the Consortium was duly organized by banking groups representative of the investment interests of the four countries involved, and since that time the Consortium has been pre-

pared to render such service as it could. Thus the organization of the new Consortium has been peculiarly of American inception, and to its continuance through reasonable conditions American good faith would seem to be pledged.

The members of the American Group, we believe, clearly understood at the time they were invited to participate in it, that while it was expected the operations of the Group and of the Consortium would be conducted not without profit, nevertheless the organization was largely in the nature of a public service designed to substitute the principle of international cooperation instead of competition on the mainland of Asia. At that time the Managing Committee felt and still feel that any break-up of the Consortium would at once lead to a reversion of conditions in the Far East gravely detrimental to the welfare of China, the re-establishment of the baneful spheres of influence, and the undoing to a considerable extent of the comprehensive work accomplished at the recent Washington Conference.

The reason for the policies of our Government in China is to be found in the conviction that, in the interests of the future economic development of our own country, it is essential that there be preserved equal opportunity for practical participation by Americans in the financial and industrial development of China. The activity of American bankers in this field is, therefore, not a matter of mere academic concern, or the support of an abstract governmental purpose, but is provision for a future stage in which they, jointly with American manufacturers and merchants, will feel the need for expansion in the potentially rich markets of China. It is hoped that even a protracted unremunerative period of delay, before the Consortium can begin active operation, will in the long run prove amply justified by the ultimate benefits to the commercial and financial interests of our own country.

We have no doubt that you will agree with us in all of the foregoing, but this letter is simply addressed to you privately for the purpose of covering the points brought out.

Yours very truly,

J. P. Morgan & Co.
For the Managing Committee

893.51/3825

The British Ambassador (Geddes) to the Secretary of State

No. 360 Washington, *May 10, 1922.*

Sir: With reference to your note of March 14th [18] in regard to the salt revenues of China, I have the honour to inform you that among

[18] Not printed.

the difficulties which have recently arisen in connection with the Chinese financial situation, is the question of securing loans on the salt surplus. You will be aware that the salt revenues constitute, under the agreement of 1913,[19] the security for the service of the Reorganisation Loan. But when this claim has been met there remains a considerable surplus, and the Chinese Government have recently adopted the practice of securing outside loans in advance on this surplus. In particular, a considerable number of Japanese loans are secured in this way with the approval and support of the Japanese Government.

From the strictly legal point of view it may be difficult to take exception to this practice, since it is not possible, under the 1913 agreement, to dictate to the Chinese Government regarding the utilisation of the surplus which remains after the service of the Reorganisation Loan has been met.

Nevertheless, the practice appears to His Majesty's Government to be open to serious objections. The Loan Agreement provides clearly that the group banks have a first option on the raising of loans secured on salt revenue, and the securing of outside loans on salt surplus is certainly an evasion of the spirit, even if not of the letter, of the agreement.

Such action seems also contrary to the Consortium policy, which was to concentrate financial assistance involving public loans to China as far as possible in the hands of one group, and prevent the unsound financial methods which had been brought into play by indiscriminate competition. It is clear that if the powers who were parties to the Consortium agreement were all to support their nationals in making independent loans to the Chinese Government on the security of the salt surplus, the position of the Consortium would be weakened.

In this spirit His Majesty's Government have recently refused to support the securing on the salt surplus of two loans made by British companies, the so-called Vickers and Marconi loans, and the proposals for securing these loans consequently fell through.

Although His Majesty's Government are aware that the United States Government did not participate in the Reorganisation Loan of 1913 they feel that the United States Government are nevertheless interested in a matter which so closely affects the present Consortium and the policy of which it is the embodiment. The attitude of His Majesty's Government in regard to this matter is briefly that, while the Chinese Government are free to deal with released surplus payments as they please, no facilities should be given, for the reasons explained above, to enable them to mortgage future releases except to the Consortium, who may be taken for

[19] For text of treaty, see MacMurray, *Treaties*, 1894–1919, vol. II, p. 1007.

this purpose as the successors of the Reorganisation Loan group banks. It is clear, however, that this policy adopted by His Majesty's Government can only be maintained by them if the other governments concerned are prepared to maintain the same attitude.

I should be most grateful, therefore, if you would be good enough to inform me of the views of the United States Government on the various questions in connection with this matter to which I have drawn attention.

I have [etc.]

A. C. GEDDES

893.51/3839 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 23, 1922—8 p.m.*

[Received May 23—2:20 p.m.]

230. Acting Minister of Finance yesterday summoned Reorganization Loan bankers to enlist their support in raising $7,000,000 to meet various items of expenditure which fall due Dragon Festival May 31st. He proposed issue treasury bonds secured on salt surplus. They told him salt surplus was reserved for other security by Presidential mandate of January last. Aforesaid bankers and their ministers still considering matter.

Correspondence published 21st between Chinese Bankers Association and Inspector General Customs shows Government is using customs revenues for new expenditures while customs surplus was already pledged to bankers as security for loan.

SCHURMAN

893.51/3840 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 26, 1922—noon.*

[Received May 26—6:51 a.m.]

233. My 230 May 23, 8 p.m. My British, French, and Japanese colleagues have agreed that if they are approached by the Chinese Government regarding loan they will adopt the attitude that the proposal cannot be entertained in the present state of affairs; that when, however, a government has been formed which, in their opinion, affords a prospect of stability and is able to give satisfactory assurances for unification they will be prepared to recommend some scheme for financial assistance to the consideration of their Governments.

SCHURMAN

893.51/3840 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *May 27, 1922—3 p.m.*

132. Department approves your taking the position indicated in your telegram No. 232 [*233*], May 26, noon.

HUGHES

893.51/3846 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 31, 1922—9 p.m.*

[Received May 31—8:35 p.m.]

241. My telegram number 231, May 24, 1 p.m.[20] Department's telegram 130, May 25.[21] London gives British colleague discretion to act with his three colleagues as suggested in identic telegram and also concurs in our interpretation of consortium attitude. Alston[22] writes: "I gather that Sir Charles Addis[23] is not convinced that offer of financial [apparent omission] is yet justified by the present prospect of stable government. Until the situation becomes clearer my Government do not therefore consider that they would feel justified in pressing the consortium to consider the question more or less favorably."

Political situation has developed and become clearer since Addis's visit to China in consequence of military events North and South. All parties and leaders are today advocating unification and ready to make concessions for the sake of it. Reunion is the first plank in Wu Pei-fu's[24] platform and on May 15th Sun Yat-sen's[25] commissioner of Foreign Affairs said to Huston,[26] "There was no reason why Dr. Sun and Wu Pei-fu should not come together in order to reach an agreement concerning the unification of China."

Policy outlined Addis's speech in New York March 28 is now obsolete. First, he said that apart from arranging comprehensive funding loan consortium could do nothing for Chinese Government until North and South China "are in the way of composing their differences and have the will to unite." That unexpected condition of things has now arrived and the time is therefore propitious for consortium action. Secondly, he said that the time has come for consortium to negotiate independently with autonomous provinces or groups of them for construction railways within their respective borders. But this proposal would magnify provinces, obstruct and

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[20] *Ante*, p. 707.
[21] Not printed; see Department's telegram no. 150, June 17, p. 719.
[22] Sir Beilby F. Alston, British Minister in China.
[23] Representative of British banking group.
[24] Inspector-General of Hupeh and Hunan.
[25] President of Canton Government.
[26] Jay Calvin Huston, vice consul at Canton.

retard national sentiment now running so strongly in favor of unification. Furthermore no central government would approve the bonds. Probably Addis had particularly in mind desirability of completing and uniting Canton–Hankow line through negotiations with Canton Government.

The means approved by Wu Pei-fu and the political leaders generally with the exception of the President, as well as by public opinion for carrying out unification are the reconvocation of the old Parliament which Li Yuan-hung [27] dismissed in 1917 and the recognition of the continuance in authority of the provisional constitution. This would necessarily eliminate President Hsü [28] of which [*whom*] all China is weary and Wu Pei-fu is determined to get rid. Thirdly, it would rob the Canton Government of its vital issues. In the speeches to which I listened in Canton by Chen Chiung-ming,[29] Wu Ting-fang,[30] Frank Lee [31] and others and the conversations I had with them, the burden of their criticism and denunciation was always that the Peking Government was unconstitutional . . .

While the situation is hopeful reunion is not yet an actuality. The conditions for it however have not been so favorable for years. The actual accomplishment depends on political leadership. If the right men take hold of the problem courageously they might possibly solve it unaided but the solution would be facilitated and hastened by financial assistance from consortium.

SCHURMAN

893.51/3825

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *June 2, 1922.*

EXCELLENCY: I have received and given careful consideration to your note of May 10th in which you ask the views of this Government with regard to the possibility of cooperation among the interested Governments in withholding support from loans made by their respective nationals to the Chinese Government upon the security of the salt revenues in excess of the amounts required for the service of the Reorganization Loan of 1913; and I regret that this Government would find difficulty in adhering to the policy which your note suggests.

As is remarked in your note, it appears doubtful whether the provisions of the Reorganization Loan Agreement could be held to sustain such an exclusive claim upon the use of surplus salt revenues, for the purpose of security for further loan operations, as would

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[27] Resigned as President of Peking Government July 1, 1917.
[28] Hsü Shih-ch'ang, President, Peking Government.
[29] Governor of Kwangtung; Commander in Chief of Kwangtung troops; concurrent Minister of War in the Canton Government.
[30] Minister of Foreign Affairs, Canton Government.
[31] Commissioner of Foreign Affairs, Canton Government.

establish in behalf of the Consortium any legal right to restrict the Chinese Government in its disposition of that surplus.

In the absence of any such legal right, the question appears to resolve itself into one of policy with respect to the diplomatic support to be given to the Consortium by the several interested Governments, inasmuch as the effect of the policy suggested would be to confer upon the Consortium exclusive rights with respect to all financial transactions secured upon the surplus in question. On this subject of support, you will recall, there was considerable correspondence among the interested Governments, during the summer of 1919, arising out of the proposals originally made by this Government; and this correspondence developed the fact that the British Government, like the American and French Governments, found it impossible to give an assurance of exclusive support. The interpretation to be given to the Banker's Agreement of May 12, 1919,[32] was thereupon formulated by this Government in a note which it addressed on July 3, 1919,[33] to the British and other interested Embassies in Washington, and which was thereafter approved by the respective Governments, in the following terms:

"The Governments of each of the four participating groups undertake to give their complete support to their respective national groups members of the Consortium in all operations undertaken pursuant to the resolutions and agreements of the 11th and 12th of May, 1919, respectively, entered into by the Bankers at Paris. In the event of competition in the obtaining of any specific loan contract the collective support of the diplomatic representatives in Peking of the four Governments will be assured to the Consortium for the purpose of obtaining such contract."

The wording of this formula, carefully restricted as it is with a view to avoiding a discrimination against interests outside of the Consortium, would not seem to me to warrant this Government in taking the position that the support properly due to the Consortium, or to the American Group thereof, would justify a general refusal of support to such other interests as might seek hypothecation of surplus salt revenues as security for transactions not involving competition with the actual operations of the Consortium.

I have reached this conclusion the more regretfully because I am sensible of the spirit of loyal cooperation which has led the British Government to withhold its support from certain British companies in respect to the securing of their loans upon the salt surplus, and because of a consciousness that, as intimated in your note, the availability of this surplus revenue might prove a temptation to the Chinese Government to use it for the purpose of securing unsound

[32] For draft agreement bearing this date, see *Foreign Relations*, 1919, vol. I, p. 439.

[33] *Ibid.*, p. 463.

and prodigal financial transactions. I have, however, felt that it is above all necessary that in pursuing the policy of international cooperation in matters of foreign financial assistance to China, care should be taken to avoid the creation of any exclusive or monopolistic position, either in favor of the Consortium in its dealings with the Chinese Government, or in favor of the several national groups as against other national interests which may propose to undertake with the Chinese Government financial operations which are not in fact in competition with the actual operations of the Consortium.

Accept [etc.] CHARLES E. HUGHES

893.51/3855

The American Group to the Secretary of State

NEW YORK, *June 12, 1922.*
[Received June 13.]

SIR: We attach for the information of the Department a copy of the report adopted on May 15th last at a full meeting of the Council of the Consortium for the assistance of China held in London. The report was duly signed by the various delegates present, as you will note.

The report was adopted for presentation to the groups and, if they approved, for subsequent publication. It is intended to set forth certain of the guiding principles of the Consortium, and to meet some of the unfounded reports recently current in China. While the substance of this report calls neither for the approval nor disapproval of the Department, you will of course understand that we shall very cordially welcome any comment that the Department may see fit to make.

Respectfully,

J. P. MORGAN & CO.
For the American Group

[Enclosure]

Report of the Council of the Consortium, Adopted at a Meeting Held May 15, 1922, in the Office of the Hongkong & Shanghai Banking Corporation, London

Present.

Sir Charles Addis, K. C. M. G.
Representing the British Group
Monsieur R. Thion de la Chaume
Representing the French Group
Mr. Thomas W. Lamont
Representing the American Group
Mr. T. Okubo
Representing the Japanese Group

In Attendance.

Mr. W. E. Leveson
Monsieur R. Saint Pierre
Mr. Jeremiah Smith
Mr. C. F. Whigham

I. General Policy

1. The policy of the Consortium, namely the substitution of international co-operation for international competition in the economic and financial affairs of China, has now been definitely affirmed and endorsed in a larger sense by China and the Powers in the Treaty signed at Washington on February 6, 1922.[34]

2. The Treaty is in effect an undertaking by the Powers to respect the sovereign rights of China, to preserve her territorial integrity and to provide her with a free and unembarrassed opportunity to develop her economic resources and maintain for herself an effective and stable government.

3. The Consortium is an appropriate instrument for giving effect to this policy. It is not designed as a permanent organisation, but rather as a temporary bridge by which China may be assisted to pass in comparative safety through the difficult period of transition from an unsettled to a settled state of government.

4. What has already been accomplished appears to justify the belief that the Consortium has been constructed on sound lines, and may reasonably be expected to fulfil the purpose for which it was designed with due regard to the natural susceptibilities of the Chinese on the one hand and the security of the foreign investor on the other.

5. It is popularly supposed, and occasionally asserted, that the main object of the financial Groups composing the Consortium is to harvest undue profits reaped from loans forced upon China under the protection of their respective governments. This is not the case. On the contrary it has been by their consistently refraining from lending that their principal success has been achieved in encouraging the utilisation of native savings before recourse is had to foreign capital, and in arresting the profligate expenditure which was heading the country straight for bankruptcy. It is not too much to say that the Consortium has helped to stimulate and foster a sane and independent public opinion in China, and, by putting a stop to the menace of financial penetration arising from indiscriminate and unproductive foreign borrowings, is helping to conserve the integrity of the country.

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[34] For text of treaty, see *ante*, p. 276.

6. Much still remains to be done, and until their work has been accomplished the several Groups of the Consortium are convinced that they would not be justified in having regard merely to their own convenience by resuming their freedom of independent action. They are reinforced in this conviction by the consideration that the Consortium appears to form the chief barrier between China and the policy of Spheres of Interest which prevailed during the last decade of the XIXth century. It will be remembered that it was during that period, known as the "Battle of the Concessions," that definite claims to exercise preferential rights over specific geographical areas of China were advanced by different Powers. If these claims had been maintained the disintegration of China must have followed. Any backward step towards the resumption of a similar policy might well be expected to produce similar results.

7. The pressure upon modern nations to discover and develop outlets for their trade is increasing, and China presents to-day by far the largest undeveloped field for commercial expansion. If the restraint at present exercised by the co-operative action of the Consortium is removed, the resort to the pressure of individual agents in competition with each other would appear to be inevitable. From that it would be but a step to the intervention of foreign governments in order to protect the vested interests acquired by their nationals in different parts of China, and Spheres of Interest, with consequences disastrous to China, would once more be established.

8. It is more in the interests of China for the Powers to deal with her as a whole rather than separately, in co-operation rather than in competition with one another. It is the aim of the Consortium to assist China in the building up of her credit until some day like other nations she can borrow for her requirements on the strength of her national credit, without the necessity of recourse to specific security or supervision of expenditure. When that day comes it will be time enough to talk of disbanding the Consortium. Until then the Consortium must remain intact and, with the approval and support of the Governments, continue to perform with patience the functions assigned to it.

II. Composition of the Consortium

(A) BELGIAN GROUP

9. In response to their request the conditions of membership in the new Consortium, namely (*a*) that each Group in the new Consortium shall be a national unit, (*b*) that no member of any Group shall within the scope of the Consortium represent directly or indirectly any other national interest, (*c*) that the Group agree to surrender all their existing agreements and options and (*d*) that they

are assured of the complete support of their own Government, were communicated to Mr. Francqui on behalf of the Belgian Group in December, 1920.

10. No official application for membership in the Consortium has yet been received, and it is accordingly assumed that the Belgian Group find themselves unable as yet to accept the conditions laid down.

(B) ITALIAN GROUP

11. An application by the Italian Group for admission into the Consortium was followed by a statement that the necessary formalities have been fulfilled, and that a list of the agreements and options to be surrendered by the Group will be transmitted at an early date.

III. Loan Policy

12. It is the settled policy of the Consortium to refrain from interference in the internal affairs of China. The present political upheaval in that country precludes the immediate hope of giving practical effect to any Consortium proposals for an administrative loan. Conditions, however, change so rapidly that the Groups must always stand prepared for action in anticipation of the time when China shall have again attained to such degree of political peace and security as to afford a reasonable prospect of a stable government.

13. Industrial Loans, in which railway loans are included, are in a different category. Provided adequate security can be obtained there seems to be no reason why the further development of railway communication in China, in itself a potent means of unification, should wait upon the solution of her administrative problem.

14. It is recognised that an essential part of any scheme for the financial reorganisation of China is the consolidation of the floating debt.

15. A certain portion of the Chinese public appears to be under the delusion that in some way or other the object of the Consortium is to obtain control of China's finances and railways. If such a delusion really exists, it can only be due to a mistaken reading of every public announcement which has been made on the part of the Groups.

16. It has repeatedly been stated that interference with the domestic politics of China has no part in the programme of the Consortium, that the reorganisation of China's finances must come from China herself, and that the role of the Consortium is limited to an endeavour to assist the Chinese Authorities, if requested to do so, in re-establishing economic and financial equilibrium.

17. It would be futile to ask the foreign investor, to whom the Consortium stands in the relation of quasi-trustee, to subscribe to a

Chinese loan until he is satisfied that its proceeds will be properly expended and his capital duly returned to him at maturity. It is indisputable that this necessitates some measure of supervision, but no more control than the minimum actually required to provide the adequate degree of security without which it would be impossible to issue a foreign loan.

18. It is the policy of the Consortium to assist in building up the general credit of China on such secure foundations that all outside intervention may be gradually eliminated and the entire control of loan service and expenditure may finally pass into the hands of China herself.

IV. Railways

(A) German-issued bonds of the Hukuang and Tientsin-Pukow Railway loans

19. In the general interests of Chinese Railway finance it is imperative that the Chinese Government should announce without further delay the conclusion which they have reached with the German Government with regard to outstanding German-issued Railway Bonds.

20. The successful flotation of any further railway loan in foreign markets will be endangered unless the whole of the outstanding bonds of the Hukuang Railways Loan are recognised.

21. The Chinese Government should also state their intentions with regard to the un-issued German portion of the Tientsin-Pukow Supplementary Loan amounting to £1,134,000, and the advance by the Deutsch-Asiatische Bank to this railway of £900,000.

22. This should be followed by a statement of the number of bonds of both of the above-mentioned Railway Loans paid by Germany to China under the Treaty of May, 1921.

(B) Options not specifically pooled

23. Referring to Article 2 of the minutes of the Paris Conference of May 11, 1919, although it is recognised that options arising out of agreements in possession of the groups at the time of the New York Conference, which for any reason were not included in the list of those offered for pooling on October 13, 1920, and particularly such options as arise out of old contracts for completed railways, are technically outside the scope of the Consortium, nevertheless, in accordance with the general principles of co-operation inherent in the Consortium, it is hoped that they may be offered by the member groups as an act of grace for participation on pooling terms.

(C) UNIFICATION

24. The unification of Chinese Railways under the Chinese Board of Communications having been recommended by the Consortium as the policy China ought to pursue, it may be expedient to recapitulate some of the reasons which have led to this view.

25. Central financial and engineering organisation would facilitate a reduction of staff at every railway head office, simplify the keeping of railway accounts, and generally tend to economy.

26. Control of personnel and material by a Central Board should lead to uniformity and standardisation of rolling stock and equipment and the establishment of a properly trained and efficient railway service.

27. Pooling of railway earnings would tend to harmonise the market quotations for railway bonds, and might materially facilitate the making of new issues.

28. Interference with railway funds by parties having special interests in any particular line, or by local authorities in the lines feeding particular districts, would be estopped by unification of the railway system.

29. It is, however, clearly recognised that public opinion in China must have pronounced in favour of the change before any definite advance is made. Meanwhile unification should be kept steadily in view as the ultimate end to be achieved, and care taken to avoid any steps likely to delay its realisation or which might tend to perpetuate the present separatist uneconomical system.

(D) OPEN TENDERS

30. It is an essential part of the Consortium programme to ensure for China the full advantage of world competitive prices by stipulating that all goods on which loan funds are expended shall be supplied by tender open to the nationals of any country, whether a member of the Consortium or not, and with no advantage to the Consortium Groups which supply the money other than that they shall have a preference upon equally favorable terms. This policy should be a sufficient answer to the charge that the action of the Consortium is unduly monopolistic in its tendencies.

V. Land Tax

31. There appears to be some misunderstanding in China with regard to the suggestion that the Land Tax might at some future date be utilised as a source of security for a supplementary administrative loan should the other revenues of the country prove insufficient for that purpose, or be already fully pledged. That the col-

lection of Land Tax should be remodelled on the lines of that of the Maritime Customs, i.e., placed under foreign supervision, formed no part of the suggestion, and was not even discussed. Neither the application of foreign control to the collection of Land Tax, nor specific hypothecation of that security, came within the scope of the conclusions reached at the Consortium Conference at New York in October, 1920. The project of a loan secured on the Land Tax was not then and is not now under consideration by the Consortium.

C. S. Addis
R. Th. de la Chaume
Thomas W. Lamont
T. Okubo

493.11/834 : Telegram

The Minister in China (Schurman) to the Secretary of State

Peking, *July 10, 1922—7 p.m.*
[Received July 10—4:40 p.m.]

299. My telegram number 283, June 24, 5 p.m.[35] The four Ministers are sending the following identic telegrams:

"At conference July 7th of Prime Minister, Minister of Finance, Chairman of the Financial Commission (Wellington Koo) and others with Ministers of Allied and Associated Powers on the subject of suspension of indemnity payments Prime Minister in the course of the conversations expressed intention of funding floating debt both external and internal on the security of 2½ percent customs surtax (see my 231, May 24, 1 p.m.[36] with reference to identic telegram May 24th) and as a result of conversations July 8th and 11th the representatives of France, Great Britain, Japan and the United States considering that there are great difficulties in the way of obtaining the unanimous assent of the principal powers to the Chinese request for further suspension of Boxer indemnity payments and at the same time being desirous of assisting the Chinese Government in its present financial embarrassment and in view of their declared intention to proceed with disbandment troops make the following recommendation for consideration of their respective Governments, namely, that consortium banks should be authorized on application of Chinese Government to make advances not exceeding $15,000,000 spread over period of six months to be added to floating debt and secured by above-mentioned surtax or otherwise as the consortium banking groups may determine subject to supervision and audit with foreign assistance of this expenditure as to the further condition that the Chinese Government definitely pledges itself forthwith and concurrently with the said advance to negotiate and conclude with the consortium the consolidation of the internal and external floating debt.

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[35] *Post*, p. 810.
[36] *Ante*, p. 707.

Provision for the disbandment of troops within a stated period and for the regulation of future borrowing should form a part of the arrangement.

Although matters are still unsettled in the South and troubles continue in several provinces there is undoubtedly a wide-spread feeling in favor of unification and the old Parliament with many of the Southern members is expected to meet next month in Peking.

But in any case if this preliminary advance of $2,500,000 a month for six months is not made, the representatives of the four Powers consider it doubtful if present provisional government can carry on or if any other government likely to be formed would be more successful. No reconstruction program can be put through without financial assistance from outside."

SCHURMAN

493.11/834 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *July 19, 1922—1 p.m.*

177. Your 299 July 10, 7 p.m. has been copied to the American Group for comment. You will be informed of its reply. For your confidential information you are advised that the Department does not anticipate a favorable reply. Is the Department to understand that proposal outlined in your 299, if adopted, takes the place of postponement of indemnity payments proposed in your 280, June 23, 9 a.m.? [87]

HUGHES

493.11/835 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *July 25, 1922—2 p.m.*

[Received July 25—9:50 a.m.]

320. Your 177, July 19, 1 p.m., last paragraph [*sentence*]. Yes. It was deemed impossible to secure agreement for postponement of indemnity payments.

Proposal to make monthly advances of $2,500,000 for six months is conditional on Chinese Government agreeing to undertake and carry out consolidation of unliquidated Chinese and foreign debts within six months.

British Government telegraphs Peking that they "Cannot agree to 2½ percent customs surtax being utilized as security for loans in anticipation of findings of Tariff Commission as to allocation of increased customs revenue."

Consortium representatives here reconsidering details of plan in recent meeting[s] of which last held yesterday and another called

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[87] *Post*, p. 809.

for today. We have submitted a number of suggestions through Lynch who is in close touch with us. Revised plan of consortium representatives will be considered by four Ministers at a meeting called for tomorrow.

Consortium representatives here in revised plan meet above-mentioned objection of British Government by basing debt consolidation on the security of (*a*) customs revenue; (*b*) wine and tobacco tax to be collected under a reorganized administration with foreign assistance; (*c*) salt revenue; (*d*) railway and other revenues of the Ministry of Communications. They also stipulate that: "consolidation plan besides having for its object funding or liquidation of all overdue payments in respect to Chinese Government loans or advances, domestic or foreign, and unpaid accounts of claims of foreign firms, societies or individuals which have been admitted by Chinese Government, should also include measures for the protection of Chinese Government loans which, in the estimation of the group, are inadequately secured, and for satisfying holders of Chinese Government bonds and coupons issued in Germany and Russia."

Will telegraph further details after tomorrow's meeting of the Ministers.

SCHURMAN

493.11/837 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *July 27, 1922—6 p.m.*
[Received July 28—10:10 a.m.[38]]

322. My 320, July 25, 2 p.m. At meeting of the four Ministers yesterday afternoon Japanese Minister read what he called an abstract of long telegram from his Government disapproving debt consolidation loan proposal. Abstract gave as reasons political instability obtaining in China and probability of military leaders extracting such cash advances from Peking treasury. Without mentioning consortium or other nations, abstract stated that when normal public conditions were established in China, Japan would be ready to lend financial assistance to China and give advice in regard to disbandment of troops.

Japanese Minister hinted that his Government which was well informed through newspapers of conditions in China had reached their decision independently of him adding that he did not know whether he could change their views and tentatively suggested delay till after meeting of Chinese Parliament.

Japanese position regarding debt consolidation and loan seemed to undergo rather sudden change. At any rate it was understood that

[38] Telegram in two sections.

throughout meetings of consortium representatives, Japanese representative was as keen as others.

In subsequent informal talk following expressed and generally agreed to: Debts consolidation and cash for six months' current expenditures would strengthen hands of this or any other Peking Government and therefore improve prospects for unification, establishment constitutional government and resumption of flow revenues from provinces to Peking but in view of increasing brigandage and lawlessness in many provinces, fighting for control of provincial governments by tuchuns and military bosses in Szechuan, Kiangsi, Kwangtung and elsewhere, possible failure of Parliament and other causes it was recognized that with present or any other Peking Cabinet position in China might not be improved at the end of six months. Even in that event however the only loss, namely, $15,000,000 would fall on China while both China and foreign nations would be benefited by debt consolidation and our four Nations would have gained the advantage of China's recognition of the consortium.

Ministers felt China could not get on her feet without some financial assistance given through the agency, though necessarily at the risk of outside powers. The proposal under consideration was a scheme to help China at her own expense. Refusal to grant such financial assistance, if continued, must necessarily lower vitality, already very weak, of any Peking government and ultimately bring about exhaustion. The eventuality of collapse and entire disappearance of any national government of China must be envisaged as one of the possibilities inherent in the situation.

Present Government has no power to execute its mandates and no money to meet its obligations. The minimum needed for bare subsistence is $3,500,000 a month and the utmost the Government can get together is one million. In connection with projects of financial relief Yen [39] had recently said to me and other Ministers that without such relief Central Government might disappear and he added significantly that was not in the interest of foreign nations.

Ministers then considered Yen's original proposal to postpone indemnity payments. It was pointed out that the reasoning of the Japanese Government as presented in the above-mentioned abstract was as fatal to proposal to give China indemnity moneys as any other moneys. Japanese Minister did not know whether his Government would draw that conclusion. French Minister said that he had already made arrangements with the Chinese Government with regard to use of indemnity payments which his Government would not willingly postpone. (The reference was doubtless to French plan for rehabilitation of Banque Industrielle.) British representative

[39] W. W. Yen, Chinese Minister of Foreign Affairs.

said that hands of his Government were not tied but postponement would require action by Parliament and lead to discussion. I gave it as my personal opinion that United States would consent to postponement if interested powers generally agreed to postpone.

Substitute of consortium representatives having been killed by action of Japanese Government it was the unanimous sentiment that we should ask our Governments for their decision on the question of postponement of indemnity payments as originally raised by Chinese Government and reported in my 299, July 19[*10*], 7 p.m. and 283, June 24, 5 p.m.[40]

On that subject I venture to recommend to the Department that the historic American policy of disinterested helpfulness to China be confirmed in the present instance. There are Americans here who, exasperated by China's default on obligations to Americans and apparent indifference thereto, advocate a reversal or serious modification of our traditional national attitude toward China. But that magnanimity is often the best policy of nations is confirmed by the fact that our partial remission of Boxer indemnity years ago is now imitated by Great Britain and Japan. I recommend that the United States now take the lead in consenting to further postponement of indemnity payments for two years as requested by the Chinese Government. If the United States adopts that policy I should expect Great Britain to join us and not improbably Japan also. The annual payments on these three indemnity accounts will amount to about $4,000,000 gold upon the security of which the Chinese Government will be enabled to float a loan large enough to meet its minimum financial requirements for some months.

SCHURMAN

493.11/842

The American Group to the Secretary of State

NEW YORK, *August 4, 1922.*
[Received August 9.]

SIR: Acknowledging further your esteemed favor of July 29th, (FE–493.11/835),[41] with its enclosure, we hand you herewith for your information copy of cable [42] just sent to London in which, as you will note, we approved the form of reply which the British Group, in behalf of all the Groups, proposed in its cable [42] (copy of which we sent you with our letter of August 1st [42]) to transmit to Peking; and we have added to our approval of such message the

[40] Latter printed *post*, p. 810.
[41] Not printed; enclosed copy of telegram no. 320, July 25, from the Minister in China, printed *ante*, p. 780.
[42] Not printed.

reiteration of the position of the American Group on the subject of possible banking advances.

The Department is already fully aware of the fact that, as hitherto frequently explained, the American Group is able to advance money to the Government of China only by means of loans, the character of which renders it possible, properly and successfully, to offer them to American investors.

Speaking in general, we trust that the conversations at Peking will continue and that it will be possible to work out the details of some consolidation and refunding plan which will serve to bring an end to the present vicious circle which, for a long period past, the Chinese Government has followed.

We are convinced that, as to Chinese finance, no palliative measures are either feasible or useful. To make our point clear, for instance, we refer to the expression in the American Minister's cable of May 24th last,[43] in which he indicated the feeling of the Ministers in Peking to the effect that unless advances were forthcoming to the Government the present administration would be likely to fall. Now, so far as the American Group is concerned, it should be made clear that it has no funds to advance in order to bolster up a tottering Chinese Government; nor, in any event, would the Group consider any such policy as within its province. It may well be that the other national banking groups are in a position different from that of the American Group. For instance, the British and French Groups are both composed of very few institutions, not over six in each Group, large, powerful banks, generally with long established businesses in the Far East, and with close political and governmental associations. For years, possibly for generations, such banks as these have perhaps been accustomed to make, from time to time, such advances as are suggested; being directly located on the ground and having means of security and payment not available to other banks not so local.

The American Group is in quite a different position. It is composed of approximately forty institutions and banking houses scattered throughout the country, few if any of which have any direct or active business in the Far East. The Group was formed at the instance of the Department of State for the purpose of endeavoring to serve [*save?*] the situation and to assist in maintaining the door in China open to American trade. To this end the Group is prepared to do all that it can within the limitations imposed upon it by the charters or traditions under which its members function. Its banks, for instance, cannot buy for their own account blocks of Chinese Government securities, unless they can see their way clear to an early resale of such securities to the American investing public. It is con-

[43] *Ante*, p. 707.

trary to the sound practice of American banks to place their funds in uncurrent securities. They will not begin the practice now. Therefore, if they are to help the situation it must be, as we have stated, through the medium of such loans as they can properly sell to American investors.

The upshot of all of this is that if and when there is a Chinese Government that is able to discuss with the Peking representatives (including the representative of the American Group) some tangible consolidation plan which takes care of Chinese Government obligations, due and overdue, and which provides for a reasonable scheme of sound finance for the future, then and only then we feel that the American Group is in a position to render a very large service to the situation. As we see it, however, it is worse than useless to give any Chinese Government the impression that we can interest ourselves actively in half-way measures that really fail to meet the situation.

We apologize for having written at such length, but inasmuch as the Department requested our comment we feel that the opportunity is open to give it in some detail, so that the Department could in due course, if it desires, forward the gist of these views for the consideration of the American Minister.

Respectfully,

J. P. Morgan & Co.
For the American Group

893.51/3989 : Telegram

The Minister in China (Schurman) to the Secretary of State

Peking, *September 29, 1922—7 p.m.*
[Received September 30—9:36 a.m.]

397. Minister for Foreign Affairs 25th asked British consortium representatives here if consortium was prepared to discuss question consolidation Chinese Government's unsecured internal and external debts and in connection therewith question of advances. Representatives suspected Chinese Government was trying by this question merely to maneuver consortium into position where consortium must make proposal to Government or refuse to consider assisting it. They believed that negotiations were also going on with the Crisp interests.[44]

Consortium representatives considered question meeting forenoon 27th and instructed British representative Hillier to answer Minister for Foreign Affairs' question in the affirmative, provided a scheme approved by the representatives should be evolved.

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[44] See telegram no. 301, July 11, from the Minister in China, p. 804.

Meeting between Minister for Foreign Affairs and consortium representatives arranged for October 2d to consider matter further.

Afternoon 27th groups representatives by appointment met Minister of Communications to learn how he expected to meet Hukuang coupon and amortization due December 3d amounting to approximately £170,000. They pointed out to Minister great importance of this loan as being only internal loan China quoted both in America and Europe. Minister concurred but suggested raising funds to meet obligation by consortium proceeding with supplementary loan £4,000,000. Representatives declared this not feasible. Minister then referred to plan of floating a consolidated railway domestic loan of $70,000,000 to be secured by increased freight rates and postal and telegraph charges which Government expected to issue immediately after autumn festival October 5th, see second paragraph my 326, July 29, 4 p.m.[45] Representatives expressed opinion Hukuang obligations should be immediately secured if possible by some security permanently available for future service loan and suggested that as loan agreement provided that if likin charges were abolished and customs duties increased sufficient customs revenue should be allotted to Hukuang to replace abolished likin. The likin so far as national government is concerned although not legally abolished had practically disappeared. Customs duties have been increased. Therefore representatives held they had a reasonable claim on the customs revenues to replace likin. Minister of Communications replied "yes, that is reasonable" but requested time till after autumn festival for further consideration.

Groups representatives were emphatic in statement that they could not consider any delay whatever in payment of Hukuang coupons December 3d.

SCHURMAN

893.51/3992 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *October 5, 1922—5 p.m.*
[Received October 5—10:05 a.m.]

409. Following identic telegram is being sent to-day by my British, French and Japanese colleagues to their respective Governments:

"American, British, French and Japanese representatives having discussed together telegram sent by group banks representatives October 3d,[46] submit following observations:

1. Absolute rejection of Chinese proposal would in our opinion endanger future existence of the consortium.

[45] Not printed.
[46] Not found in Department files.

2. Chinese Government would moreover be free to cancel existing option on security of salt revenue.

3. Adoption of any such proposal should be dependent on confirmation by Chinese Parliament and present Cabinet.

4. Safeguards must be insisted on against seizure of advances by militarists.

We consider in conclusion that Chinese proposals should be systematically examined and at any rate adopted as basis for further discussion."

SCHURMAN

893.51/3983 : Telegram

The Secretary of State to the Minister in China (Schurman)[47]

WASHINGTON, *October 17, 1922—7 p.m.*

243. Your telegram No. 384, September 26, 6 p.m.[48]

British Embassy informs the Department that the Crisp interests disregarding the wishes of the British Government are proposing to negotiate a loan for the purpose of refunding Vickers, Marconi, Pacific Development and Chicago Bank loans; this loan to be secured on surplus customs and salt revenues and to be floated partly in the United States. British Government considers Crisp proposals detrimental to the policy of supporting the Consortium and Embassy has informally asked the attitude of the Department on this question.

The measure of support to be given by the respective Governments to the Consortium or to their national groups therein is formulated in this Government's note of July 3, 1919,[49] which was subsequently accepted by the interested Governments and incorporated by the banking groups in the Consortium Agreement of October 15, 1920.[50] This provides for complete support in operations actually undertaken and in seeking specific loan contracts in the event of competition therefor.

In the present case it does not appear that the Consortium has undertaken operations with respect to the business sought by Crisp, and it is a question whether it may in fact be considered to be seeking such business in competition with Crisp. It appears rather that, while adopting a more or less receptive attitude towards certain Chinese proposals for the funding of unsecured and defaulted obligations, the Consortium cannot at this time be said to be competing for such business or any portion of it. So long as that remains the case, this Government would not feel warranted on principle in going beyond the already extensive measure of support assured to

[47] The substance of this telegram was communicated by the Chief of the Division of Far Eastern Affairs, Department of State, to the Secretary of the British Embassy in a letter dated Oct. 18 (file no. 893.51/4014a).

[48] Not printed.

[49] *Foreign Relations*, 1919, vol. I, p. 463.

[50] *Ibid.*, 1920, vol. I, p. 576.

the Consortium and regarding other legitimate undertakings as barred by the mere fact of their being independent of the Consortium. As you are aware, this Government is hopeful of the eventual possibility of constructive assistance to China from the Consortium, and with that hope in view is prepared to give all appropriate assistance to that end, in those cases where the Consortium is acting or seeking the opportunity to act; but it cannot so extend its agreed measure of support as to make it a monopoly which would preclude support or countenance to any legitimate interests which may undertake business with which the Consortium does not desire to concern itself.

Your telegrams indicate that it is proposed to secure Crisp and other loans upon 2½ per cent customs surtax to be established in pursuance of Article II of the China Tariff Treaty of February 6.[51]

The Department fully approves your opinion that it is for the Special Conference under Article III to determine the purposes and conditions of that surtax and that to permit the hypothecation of that proposed revenue in advance of such determination would render nugatory the whole work of the Special Conference.

You may therefore make known to the Chinese Government, to your colleagues, and to such American citizens as may be interested, the fact that this Government cannot recognize the validity of any hypothecation which it may be sought to place upon the surtax between the signature of the Customs Treaty and the recommendations of the Special Conference in the matter; and that it will instruct its representative on the Special Conference that no rights or equities of any sort are to be recognized as flowing from any such attempt to forestall the determinations expressly provided for by the Tariff Treaty.

HUGHES

893.51/4019

The Japanese Embassy to the Department of State

On the 15th of August last the Japanese Chargé d'Affaires, under instructions from his Government, had the honor to communicate verbally to the Honorable the Secretary of State the opinion of the Japanese Government on the question of advances up to $15,000,000 to the Chinese Government and of the negotiation of an agreement to consolidate the floating debts. The question was made the subject of an identic telegram dated July 10th[52] from the representatives

[51] For text of treaty, see *ante*, p. 282.

[52] See telegram no. 299, July 10, from the Minister in China, p. 779.

in Peking of the Four Powers to their respective Governments. The opinion of the Japanese Government was in substance as follows:—

1. The Government, faithful to the principle of non-interference in Chinese domestic affairs, desires to abstain from giving assistance to any political party or faction in China.
2. The Government is waiting for the establishment of a unified government based upon the will of the Chinese people, and as soon as such a condition is established, will be ready to give assistance.
3. The Government in adopting this policy is guided by the spirit of the Treaty and resolutions of the Washington Conference.
4. Conditions in China are still unsettled and assistance to the Peking Government at this time might complicate still further the situation.
5. Although the Japanese Government is in accord with the principle involved in the identic telegram of the representatives of the Four Powers, it regards the proposed extension of financial assistance to the Chinese Government at this time as premature.

Again, on the 21st of August, the Japanese Embassy took the liberty of presenting to the Department of State a summarized statement of the Chinese political situation [53] and of communicating the Japanese Government's belief that to give assistance to the Peking Government would amount to an extension of aid to the faction which happened to be behind the Peking Government at the moment.

The Group representatives in Peking, in answer to London's expression of a desire to continue negotiations, reported on the 30th August that it was impossible to continue negotiations as there was no responsible Government and as the situation was getting worse instead of improving.

Recently, on October 2, the subject of debt consolidation and monthly advances was again discussed between the Group representatives in Peking and the Ministers of Finance and for Foreign Affairs. The debt to be dealt with was estimated by the Chinese authorities at the equivalent of Chinese $100,000,000 of which $70,000,000 could be funded and $30,000,000 liquidated in cash. The debts of the Ministry of Communications were, however, not included in this estimate. The total amount of the monthly advances were figured at $18,000,000, to be spread over six months.

The Japanese Government believes that the present situation in China is no better than it was a few months ago; the factional contest between Chihli and Fengtien continues and new trouble has arisen in Fukien. Therefore the Government now holds the same views as those communicated to the Secretary of State on the 15th of August.

Although the question is secondary and has, at present, no direct bearing on the subject, the Japanese Government would like to add

[53] Not printed.

that whenever the question of consolidation of debts is to be taken up, the entire debt, including debts of the Ministry of Communications, ought to be dealt with as a whole.

WASHINGTON, *October 19, 1922.*

893.51/4024

The American Group to the Secretary of State

NEW YORK, *October 27, 1922.*
[Received October 28.]

SIR: We are in receipt of your letter of October 21st, (FE–893.51/2992 [*4019*]),[54] in which you are good enough to enclose to us copies first, of the memorandum filed by the Japanese Chargé d'Affaires, and, second, your telegram to Peking of October 17th in reference to a possible Crisp loan. As to the views expressed by the Japanese Government, we would venture the observation that while upon their face they appear somewhat disturbing as indicating a lack of sympathy in Consortium operations in the near future; at the same time, from the experience that we (and especially Mr. Lamont) have had with the Japanese Group, we feel that in case the Consortium as a whole is able in the near future to devise any sound loan operation to the present Chinese Government, adequately secured and in such shape that it can be properly offered to investors, then, and in such event, the Japanese Group will not be lacking in active cooperation and in doing its share. The Japanese Group in the deliberations of the Consortium has not infrequently taken a most conservative attitude but in the last analysis fairly exhibited its determination to work in harmony with the other groups and to take part in every possible constructive effort that they are making. The Japanese Government is not likely to take any opposing attitude.

As to the communication of October 17th to the Peking Legation touching upon the Crisp loan, the only information that we have had in this matter at all is contained in Mr. Hughes' brief allusion in his letter of October 9th, (FE–893.51/3977a),[54] so we shall be greatly obliged if we can be put in possession of any further information that you may have at hand.

It would appear to us, if you will allow us to say so, that your reply to the British Foreign Office,[55] as quoted to the American Legation, Peking, recedes somewhat from the position hitherto adopted by the Department upon the measure and character of its support to the Consortium. We realize that the Department's reply to the

[54] Not printed.
[55] See footnote 47, p. 787.

British Foreign Office in all probability had to do with the question of monopoly in its narrow sense. At the same time, it appears to us that the British Foreign Office might well gain an erroneous impression from the Department's reply to it, as to the Department's future intentions towards the American Group and towards the Consortium in general.

For instance, the Department uses the phrase, "the Consortium cannot at this time be said to be competing for such business." It is not for us to attempt to define the word "competing", but the fact remains that at the time this despatch was sent to Peking the American Group, with the other members of the Consortium, was, as the Department had been informed, in active discussion and negotiation with the Peking Government on the question of a refunding loan. These discussions were initiated by the Peking Cabinet, and clearly indicated its desire to recognize the Consortium and to treat with it. It therefore seems to us that due weight should have been given to these circumstances, and that by no possibility could the American Group or the Consortium at this time be considered as having even temporarily withdrawn from the situation, and as therefore giving justification to the Department to encourage negotiations of the Crisp character.

May we point out, therefore, that when by inference the Department gives its approval, or at least fails to withhold its approval from the so-called Crisp negotiations, it thereby tends to stultify greatly the very principles which the Consortium, with the approval of the Department and of the other Foreign Offices, has heretofore adopted in connection with Chinese loans. The record shows that the conviction of all concerned has been that such loans shall not be granted to the Chinese Government unless the purposes for which they are negotiated are clearly and satisfactorily set forth by the Chinese Government, and unless means are adopted to see to it that the proceeds of such loans are properly spent as designated. These principles, as you are aware, have been adopted for the purpose of preventing the squandering of public moneys on the scale heretofore resulting from ill-advised and ill-safeguarded foreign loans. These principles form the backbone of Consortium policy as approved by all the Governments; unless we adhere to them rigidly the Chinese Government will continue to be debauched. Therefore it would appear to us that even in a reply made in the limited sense indicated, it would be advisable to give to the British Foreign Office some indication that the Department in no event would look with approval upon an outside or independent loan to China which was lacking in the safeguards hitherto adopted and insisted upon by the Consortium and the Governments.

The Department is undoubtedly aware that in times of comparatively easy money, so-called banking concerns will offer their services to possible clients like the Chinese Government in the hope of doing some limited piece of business yielding large immediate profit, but abandoning most of the principles of sound finance. Such concerns, if objection is made to their course of procedure, always raise the outcry of Monopoly, et cetera. Such an outcry, however, in the United States, is little likely to be heard by reason of the fact that the American Group has encouraged every banking institution or banking house of standing, that has any real interest in Far Eastern affairs, to enter the American Group and take a share in its deliberations and operations.

As to the situation in Great Britain, however, matters are in somewhat different case, and we can imagine a real discouragement being felt by the British Group over any indication that the American Government had somewhat receded in its position of Consortium support. . . . We here feel that we are perfectly conversant with the attitude of the Department towards the American Group; we feel that when it comes to practical measures the American Group in the Consortium will be able to count upon the most cordial and complete support from the Department. We believe, however, that it would be well not to allow any erroneous impression to rest even for a moment in the minds of the British Foreign Office and British Group, and therefore we venture to hope that the Department may see fit to file with the British Foreign Office a brief supplementary memorandum somewhat amplifying its position.

We are all engaged in a very earnest effort to better conditions in the Far East, a cooperative effort that up to date has meant, on the part of the various national Groups involved, nothing but expenditure and sacrifice. If we are able to maintain close harmony among the groups, and close support among all the Governments, we shall in time, we believe, go far in accomplishing the result of stabilizing conditions in China and working out new economic and financial measures for her. We shall be able, in a real sense, to make practical some of the high principles embodied in the Four-Power Pact concerning the Pacific, adopted last year at Washington.

Because of our attitude in all this matter, of which the Department is well aware, we have not hesitated in this letter to go into the situation at considerable length.

Respectfully,

J. P. Morgan & Co.
For the American Group

893.51/4041

The British Ambassador (Geddes) to the Secretary of State

No. 831 WASHINGTON, *November 2, 1922.*

SIR: I have the honour, on instructions from my Government, to inform you that they have recently had under consideration certain informal proposals, advanced by the representatives of the four groups in Peking, for a loan from the China Consortium to the Peking Government. The State Department have doubtless been fully informed by the American group of the substance of these proposals and of the attitude taken up by the various groups in regard to their adoption.

His Majesty's Government have arrived at the conclusion that the moment appears to have arrived when an effort should be made in a practical way to convince the Chinese Government of the beneficent intentions of the Consortium policy. While the present proposals cannot be expected in any case to do much more than pave the way for future transactions, His Majesty's Government consider that the reconciliation of the Chinese Government to the Consortium would, in itself, be a great step in advance. They have, accordingly, notified the Central Agency of the Consortium in London that they are prepared in principle to approve the further examination of the proposals submitted. In adopting this attitude His Majesty's Government have in mind the following, amongst other, considerations:—

(1). Although China is still far from unification, yet her internal position is somewhat better. There is now a government in power in Peking, which, though financially in desperate straits, appears to be well-intentioned and deserving of assistance. Since the flight of Sun Yat Sen from Canton, there is no longer a government in the south which sets itself up as the only government in China. To this extent the position may be said to have improved.

(2). Since the January proposals were made and rejected, it has been decided to set up a special tariff conference under the terms of the Washington Treaty. This materially alters the position with regard to the unsecured foreign debts of China. It will be manifestly impossible to exclude this highly contentious subject from the agenda of the conference, unless it can be settled beforehand. There is therefore every advantage in arranging this question now by direct negotiation with the Chinese, and thereby avoiding the risk of a clash at the conference.

(3). It is obviously desirable that the Consortium should commence active operations as soon as possible, since, the longer it remains inactive, the greater is the danger that the policy of cooperation for which it stands will, in the end, be wrecked.

Should the United States Government agree with the views of His Majesty's Government in this respect, I am instructed to urge that the United States representative in Tokyo may be authorised to as-

sociate himself with His Britannic Majesty's Ambassador in pressing the Japanese Government to authorise their group to proceed with the consideration of these proposals. It is understood that among the grounds which have up to the present led to the Japanese Government objecting to the examination of these proposals is the apprehension, which His Majesty's Government regard as quite unfounded, lest their adoption should prejudice the prospect of obtaining satisfactory handling of the unsecured foreign loans, more particularly those made to the Chinese Ministry of Communications.

I have [etc.] A. C. GEDDES

893.51/4019

The Department of State to the Japanese Embassy

MEMORANDUM

The Department of State has given the most careful consideration to the memorandum of October 19 last in which the Japanese Chargé d'Affaires communicated the opinion of his Government that, by reason of the instability of political conditions in China, it would be premature for the Consortium to extend to the Chinese Government the proposed financial assistance for immediate administrative purposes and for the consolidation of the floating debts of that Government, inasmuch as the granting of such assistance to the Peking Government would, in the opinion of the Japanese Government, amount to an extension of aid to the faction which happened to be behind the Peking Government at the moment. And while deploring the occasion for any divergence of views in regard to a question so closely affecting the policy towards China in which it is confidently believed that the Governments of the United States and Japan are in fundamental accord, this Government finds itself unable to share the opinion of the Japanese Government in this matter.

The American Government is, of course, not unaware of the weakness of the governmental entity functioning at Peking, nor of the possibly precarious situation of the administration through which the functions of government are now exercised. It considers, however, that quite apart from the question of the personalities that compose it or that are adjudged to exercise an influence over it, that governmental entity is in fact the sole agency of government in China which the United States and other Powers have recognized and which they continue to hold answerable for the protection of foreign rights and interests and responsible for the financial obligations of the Chinese Government; and that, moreover, there exists at the present time no other political organism which even attempts

to hold itself forth to be the Government of China. There are indeed regions in which the authority of the Central Government in matters of local administration is with greater or less effectiveness repudiated or ignored, and in which revenues locally collected for the account of the Central Government are detained for local purposes: but it is not understood that in repudiating the political authority of the Peking Government these local separatist movements have placed themselves in a position to assume the international obligations of China under the terms of the treaties and international law, or that in sequestering the locally collected revenues of the Central Government they have assumed any of its financial obligations even with respect to debts secured upon the revenues in question. There is, therefore, no Government in China, other than that functioning at Peking, to which the foreign Powers can look for political or financial responsibility. It may be admitted that the authority of that Government is greatly weakened: it is confronted not only with separatist movements which challenge its exercise of political control in certain regions, but by a financial stringency which prevents the payment of the regular salaries of its officials, paralyzes its administrative activities, makes it unable to meet many of its pressing foreign financial commitments, and compels it to desperate shifts which threaten to be ruinous to its political prestige, its economic development, and its credit in foreign money markets. This situation is today even more acute than on July 10 last when, in the identic telegram [57] to which the Japanese Chargé's note refers, the Ministers of the United States, France, Great Britain and Japan joined in advising their respective Governments of their opinion that the Consortium banks should be authorized to give certain financial assistance to the Chinese Government, adding the statement of their belief that without such assistance it was doubtful whether the existing provisional government could carry on or if any other Government likely to be formed would be more successful, and that "no reconstruction programme can be put through without financial assistance from outside."

The loan now sought by the Chinese Government is for the purpose of meeting immediate administrative necessities and funding at least a portion of the floating debt which constitutes a grave impediment to any financial rehabilitation of China: and it is the understanding of this Government that such a loan, if made, would be so safeguarded as to assure that its proceeds would be devoted not to partisan or factional uses but to the urgent administrative and fiscal requirements of the Government. If it were to be considered that assistance must be withheld because the present administration of that Government is unstable, and its authority ignored in certain

[57] See telegram no. 299, July 10, from the Minister in China, p. 779.

regions, it is to be feared that no time could be foreseen within which it might hopefully be anticipated that such conditions would prevail as would warrant the Consortium in undertaking the cooperative action contemplated as the object of that association of American, British, French and Japanese banking interests in respect to Chinese financial business.

The question at issue, as this Government envisages it, is not one of giving financial support to a particular group or faction in Chinese politics, but one of giving or withholding assent to the negotiation by the Consortium of financial arrangements sought by the sole recognized and responsible governmental entity in China for the purpose of enabling it to escape administrative disintegration and fiscal chaos. Since it is the Peking Government alone which the Powers hold politically and financially responsible, it appears to the American Government that it could not for its own part, while insisting upon those responsibilities, intervene with the American Group of the Consortium to discountenance the undertaking of negotiations with the Chinese Government with a view to a loan sought for purposes which that Government deems necessary to the fulfilment of its political and financial obligations.

This Government would, on the other hand, welcome the negotiation of such a loan as the American, British, French and Japanese Ministers in China have recommended as essential to any plan of reconstruction in China, upon terms mutually satisfactory to the Chinese Government and to the banking interests constituting the Consortium: and in the event of negotiations to that end being undertaken by the Consortium, the Government of the United States would be prepared, for its part, to give to the American Group and to the Consortium such support as was contemplated by its identic note of July 3, 1919, to the British, French and Japanese embassies in Washington,[58] and embodied by the several national groups in a paragraph of the preamble to the Consortium Agreement of October 15, 1920,[59] to the effect that

". . . their respective Governments have undertaken to give their complete support to their respective national groups the parties hereto in all operations undertaken pursuant to the agreement hereinafter contained and have further undertaken that in the event of competition in the obtaining of any specific loan contract the collective support of the diplomatic representatives in Peking of the four Governments will be assured to the parties hereto for the purpose of obtaining such contract".

WASHINGTON, *November 23, 1922.*

[58] *Foreign Relations*, 1919, vol. I, p. 463.
[59] *Ibid.*, 1920, vol. I, p. 576.

893.51/4041

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *November 23, 1922.*

EXCELLENCY: I have the honor to acknowledge the receipt of the note (No. 831) under date of November 2, in which you advised me of the attitude of the British Government in reference to the proposals, now under consideration among the several national groups of the Chinese Consortium, for a loan to the Peking Government. I have carefully considered this note, and find myself in full accord with the opinion of the British Government that these proposals should be further examined with a view to the possibility of rendering to the Chinese Government such assistance as may prove feasible for the rehabilitation of that Government.

[Here follows substantially the same text, beginning with the second paragraph, as that of the memorandum of November 23 to the Japanese Embassy, printed *supra*.]

In reply to a memorandum of the Japanese Embassy, dated October 19 last, I have had occasion to communicate to the Japanese Chargé d'Affaires the views set forth above. I am also advising the American Ambassador at Tokyo of these views, and instructing him, as requested in your note, to associate himself with his British colleague in urging the Japanese Government to authorize its Group to proceed with the consideration of the proposals for a loan from the Consortium to the Chinese Government.

Accept [etc.] CHARLES E. HUGHES

893.51/4129

The Japanese Embassy to the Department of State

MEMORANDUM

In its memorandum of November 23, delivered by the State Department to the Japanese Chargé d'Affaires at Washington, the American Government stated on the question of the proposed financial assistance to the Chinese Government, that it could not find itself able to share the opinion of the Japanese Government in this matter but that, inasmuch as the governmental entity functioning at Peking was the sole agency of government which had been recognized by the Powers and which could be held answerable for the protection of foreign rights and interests and responsible for the international obligations of the Chinese Government, it considered it advisable, for the purpose of meeting immediate administrative

needs and furnishing protection and consolidation of the floating debt owed by China to the Powers concerned, that favorable consideration should be given to the Chinese request for a loan, and that, welcoming as it would, the negotiation of such a loan as was recommended by the ministers at Peking of the Powers interested in their identic telegram of July 10th of this year, it would be prepared, in the event of such negotiations being undertaken, to give to the American Group such support as was contemplated under the Consortium.

The Japanese Government after a careful study of the American memorandum, regret to be unable to associate themselves with the view that, in the present political situation in China, negotiations for a loan to the Peking Government might with wisdom be undertaken.

The Japanese Government fully agree with the Government of the United States that the Government at Peking is the sole governmental agency in China which has been recognized by the Powers and that there is no other political body which the Powers might hold responsible for the protection of foreign rights and interests and for the political and financial obligations of China. What, however, the Japanese Government has in view in regard to the question now under discussion, is a more practical consideration, that is to say, whether the granting of a loan to the Chinese Government under the existing political conditions may or may not prove conducive, as desired by the Japanese Government as well as by the other Governments interested, to the benefit and welfare of the Chinese people in general. It is indeed an established policy of the nations interested in China that they should, to as great a degree as possible, extend assistance to the Chinese people so as to help their awakening and development and to promote their general well-being, a policy which is very fully and distinctly represented in the various treaties and resolutions of the Washington Conference.

The intent of such policy is not, in the understanding of the Japanese Government, that assistance should be given to the Chinese Government simply because it is the Government recognized by the Powers, but that assistance to be given to the Peking Government should be such as to insure the general welfare of the Chinese people. The outlook in China is most discouraging. Apart from the question whether the legislative body now assembled in Peking may fairly be regarded as representative of the Chinese people in the sense in which it is generally understood, it appears that the relations between that body and the government are far from being normal. The extraordinary performance has been witnessed in the recent arrest of the Minister of Finance which is something that

might happen very seldom in any orderly government. These quarrels, apparently political, are in fact nothing but mere struggles for personal ascendency among the various military factions who under the guise of legislature and administration are actually waging private feuds. As a result of all this the prestige of the Peking Government has steadily been on the wane, and the local governments openly repudiate the authority of the central administration, so that not only does the writ of the government not carry far beyond the walls of Peking, but the very life of the Chinese Government has come to be largely at the mercy of local militarists. In a situation like this, to extend financial aid to the Government at Peking solely because it is the recognized government would, it is gravely to be feared, end in benefiting only a small group of individuals who have no interest in common with the general public of China. The Chinese people in general would without doubt be deeply disappointed should the Powers concerned take such a step, and the anti-foreign tendency of Chinese public opinion would thereby be greatly enhanced, which, as may easily be perceived, would prove no small impediment to all future activities of the Powers in China.

It may be pointed out in this connection that the Powers agreed some time ago upon an embargo on the import of arms into China, pending political stabilization, and applied it equally, irrespective of whether the Chinese party concerned was the Peking Government, local governments or private individuals. The important point is that the supply of arms to the Peking Government itself is prohibited, even though the latter should give assurance as to the use to which such arms would be devoted. The Japanese Government are persuaded that the supply of a loan would influence the political situation in China no less, if not more, than the supply of arms, and that it would, therefore, be a grave departure from the policy so far pursued by the Powers interested, to undertake under the present circumstances negotiations with a view to the grant of a loan to the Chinese Government, a course which, they must confess, they hesitate to follow without a stronger reason than that the Peking Government happen to be the only governmental agency recognized by the Powers.

The Japanese Government are not unmindful of the fact that the loan now sought by the Chinese Government is ostensibly for the purpose of meeting immediate administrative necessities and that the financial stringency affecting that Government is very great. But if the principle were to be recognized that simply because the Chinese Government stands sadly in need of administrative funds and because it so earnestly seeks outside assistance, loans should be

granted to it without waiting for the Chinese people themselves to put forth efforts to stabilize their national credit and establish a sound financial system for the future, it is to be apprehended that the time will never come when China will cease to seek fresh loans for administrative purposes, even if the proposed loan were to be granted. Unless there be a fair prospect that Chinese governmental finance will be improved in future, the Powers would have to be prepared for a fresh demand for assistance within six months. The apparent result would be that China's debt would be simply accumulated in that way and her financial rehabilitation would be rendered more hopeless than ever. These considerations confirm the Japanese Government in the belief that in undertaking any loan to the Chinese Government for the purpose of meeting administrative necessities, the foreign governments concerned should first pay the most careful attention to the possible effects such loans might have upon the future finance of that Government. To put into effect a scheme so devoid of plans for the future, as the proposed administrative loan, would, in the opinion of the Japanese Government, not only have no beneficial results on the political situation of China, but would on the contrary tend to aggravate conditions already chaotic. The wisest course to be adopted in this situation would then seem to be to remedy the immediate difficulty by her own efforts, thus gaining time for the Powers interested to decide deliberately upon the policy they should follow.

The Japanese Government believe that this attitude, in view of the present economic condition of China, would in the long run prove to be most beneficial to the Chinese people. Furthermore, even though the proposed loan might be made on the condition that its proceeds should be devoted exclusively to administrative use, it would not be practicable in the present situation to secure the strict observance of such a condition. It is more than possible that such funds will be used for purposes other than strictly administrative as has been experienced repeatedly since the time of the first Reorganization Loan. Before consenting to grant the loan now sought by China, therefore, it would be well for the Powers interested to study thoroughly the general financial condition of China, with special regard to the method of consolidating the foreign loans, and also to the possible effects of the increase of revenues to be realized by the application of the new tariff rates. It would not be too late then to decide upon whether the loan should be made or not.

The Japanese Government are well aware that the consolidation of the loans of the Chinese Government, both foreign and domestic, is a matter of prime importance for the strengthening of the fiscal foundation of that Government, and they have felt it to be their duty

to insist strongly upon the consolidation of all the loans furnished to China by Japanese bankers. But it would seem to the Japanese Government that what the Chinese Government is principally concerned about in seeking the proposed loan is merely to acquire the advance and it is not at all clear to what extent that Government is prepared sincerely to carry out the consolidation of foreign loans.

In this regard, also, it would be necessary, if satisfactory results are to be obtained, for the Powers interested to consider previously the ways and means of consolidating those loans and to approach the Chinese Government with a definite plan on that point. The Japanese Government do not consider the question of furnishing financial assistance to China simply as one which arises between the Consortium and the Chinese Government, but rather as an important question of general policy toward China upon which any discord among the Powers concerned would be accompanied with grave results. The Japanese Government are perfectly willing, in the spirit of the treaties and resolutions of the Washington Conference, to extend friendly assistance to China; but, as explained at length hereinbefore, assistance to China, in their understanding, is not synonymous with immediate material assistance to the Government at Peking; it consists rather in taking such measures as will be conducive to the general welfare of the Chinese people.

Upon the question now under discussion, the Japanese Government have no other desire than to adhere to the policy which they have consistently pursued heretofore, and they are not unprepared, under that policy, to continue the consideration, in common with the other Powers concerned, of the probable effects of further loans to China, and of the time and method of furnishing them. They are moreover inclined to believe that the special tariff conference soon to be convened might well provide a fit occasion for the Powers interested to consider in concert the general question of the financial reorganization of China. They hesitate, however, for the reasons enunciated above, to change their view that it would be premature to extend immediate financial assistance to the Peking Government. It is therefore hoped that the Japanese view as set forth above may commend itself to the favorable reception of the Government of the United States and that no step that would involve a grave departure from the policy previously agreed upon among the Powers concerned may be taken at this time.

WASHINGTON, *December 28, 1922.*

DEFAULT BY THE CHINESE GOVERNMENT ON AMERICAN LOANS[60]

893.51/3738 : Telegram

The Acting Secretary of State to the Minister in China (Schurman)

WASHINGTON, *February 21, 1922—3 p.m.*

42. With reference to Department's telegram No. 337 of December 22, 1921.[61]

Advise Chinese Foreign Office that the Department and the Continental and Commercial Trust and Savings Bank of Chicago continue to receive letters from American purchasers of Chinese bonds issued in connection with the Continental Bank loan, now in default, asking when payment of principal will be made by the Chinese Government. You may state that the Department would like to receive some intimation as to when these American holders of Chinese bonds may expect payment now long past due.

FLETCHER

893.51/3743 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *March 1, 1922—midnight.*

[Received March 3, 2 p.m.]

72. Department's 42, February 21, 3 p.m. Yen[62] informed orally and in writing, stated orally today no possibility of obtaining any funds during the present Cabinet crisis. He seemed very disheartened over financial and political situation.

SCHURMAN

893.51/3808 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *May 1, 1922—2 p.m.*

106. Continental and Commercial Bank states that it has received a telegram from the Ministry of Finance stating that "coupons and commission May last $165,825. will be paid when we receive salt surplus in June and July." Bank requests that the Legation bring this matter to the attention of the Chinese Government shortly before the salt releases are made so that the commitment will not be overlooked.

You may also remind Chinese Government that on May 1, 1922, four semi-annual interest payments were due in addition to the principal of the loan and other expenses as provided for in the contract.

HUGHES

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[60] For previous correspondence concerning loans, see *Foreign Relations*, 1921, vol. I, pp. 374 ff.

[61] *Ibid.*, p. 385.

[62] W. W. Yen, Chinese Minister of Foreign Affairs.

893.51/3817 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 5, 1922—5 p.m.*
[Received May 9—6:03 a.m.]

198. Your 106, May 1, 2 p.m. Foreign Office note dated 3rd in reply to my note based on your 42, February 21, 3 p.m., quotes Ministry of Finance as follows:

"Interest payments due May and November 1921 each amount to $165,825 United States gold. It is now proposed first to make a payment of one half. During June and July when the salt surplus is received this will be paid. As regards the principal, since this is very large sum, it will be necessary to devise some other means to make payment."

I will keep this matter appropriately before the Chinese Government.

SCHURMAN

893.51/3890a : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *July 5, 1922—6 p.m.*

164. Department is informed by Pacific Development Corporation that Chinese Government is now negotiating with a Mr. Crisp of London for a loan under a contract which provides for the payment of all Chinese Government's indebtedness to Americans and now in default including the Pacific Development loan. Does the Legation know of any such negotiations? If so, what are the interests represented by Mr. Crisp?

HUGHES

893.51/3892 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *July 10, 1922—11 p.m.*
[Received July 11—10:35 p.m.]

300. My 275, June 21, 4 p.m.[63] Tyndall Wei[64] called today on behalf of the Minister of Finance to propose following: Central Government proposes to put case of Pacific Development and Chicago Bank loans before the Provincial authorities and ask them deposit 20 percent of their retained monthly collections wine, tobacco revenues in special sinking fund account in designated banks estimated amount to be thus deposited annually three and a half millions

[63] Not printed.
[64] Codirector of the loan bureau of the Ministry of Finance.

Mexican. Minister proposes to pay on June 1st, 1923, 3,400,000 Mexican dollars equivalent of one million gold as principal payment and 702,000 gold as interest payment for the two loans together calculated on exchange of two to one. Remainder to be paid in eight further yearly installments.

Wei stated Tung[65] appreciates this proposal does not follow letter or spirit of loan agreements but it is made as measure of practical expediency to get something paid off. He said that nothing had been paid to date, that nothing would be paid from salt as promised because of heavy prior pledges and that there was no possibility of setting up wine, tobacco administration with foreign inspector since such step was so radical it would arouse great criticism of present Cabinet which is in enough difficulties already. He explained that therefore Tung, unlike his predecessors, who were perfectly willing to let these loans drag unpaid indefinitely, proposed this as the best that could be done and asked for concurrence of Pacific Development and Chicago Bank. Wei added that it would be provided that these two loans would be listed on equal footing with other indebtedness in scheme of Tung now under formulation for issue of some four hundred millions Mexican to refund all foreign and internal floating debts on security of 2½ percent customs increase subject to the consent of foreign powers and American creditors could take choice of two methods of repayment, see my 299, July 10, 7 p.m.[66]

SCHURMAN

893.51/3891 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *July 11, 1922—1 p.m.*
[Received 8:45 p.m.]

301. Your 164, July 5, 6 p.m. Tyndall Wei and Loos Williams[67] report that a Mr. Seth representing the C. B. Crisp interests of London has carried on negotiations with Tung K'ang for a loan to cover Pacific Development, Chicago Bank, Marconi and Vickers loans, all in default, on the security of the increased customs revenue from the 2½ percent surtax and the revenue from wine and tobacco. Wei reports that the negotiations have been dropped as Tung does not want to deal with the financial situation in a fragmentary fashion as he favors general funding loan amounting to some four hundred million Mexican dollars. See my 299, July 10, 7 p.m.[66]

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[65] Tung K'ang, Minister of Finance.
[66] *Ante*, p. 779.
[67] Associate inspector general of the Wine and Tobacco Administration.

Crisp represents a group of bankers in London who are independent of and opposed to the consortium group. He is chairman of the board of directors of the British Bank for Foreign Trade London. See MacMurray, page 967 note.[68]

SCHURMAN

893.51/3903 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *July 24, 1922—5 p.m.*
[Received July 24—11 a.m.]

318. My 301, July 11, 1 p.m. Representative of Pacific Development Corporation has requested me informally call attention Chinese Government to the fact they are permitting to slip by an apparent opportunity to liquidate Pacific Development Corporation obligation and urge them reopen negotiations. I have declined on the ground among others that Crisp loan would be in opposition to consortium hence presumably against policy of the United States. Representative then asked if he might make such a suggestion himself to the Chinese. I told him he would thereby run the risk of denial to Pacific Development Corporation of future assistance by American Government with Chinese. He now addresses me a letter pointing out difficult position of corporation in view of this attitude and the unfairness of this position. He states that corporation and Legation have done everything to get Chinese Government to pay up loan. Corporation has tried to persuade Morgan and the group to take loan on any reasonable terms but was refused. Now if corporation cannot take advantage of Crisp negotiations it leaves corporation carrying what is for it tremendous loan and to extend benefit of principles of consortium which has itself refused corporation assistance group would thus refuse to help corporation and refuse to permit anyone else to do so. Please instruct.

SCHURMAN

893.51/3903 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *July 26, 1922—3 p.m.*

187. Your 318 July 24, 5 p.m.

It is Department's view that you should neither aid nor actively oppose proposed loan which is a British enterprise. Department does not desire to curtail any legitimate independent effort which Pacific Development Corporation may consider advisable in obtaining liquidation of its loan.

HUGHES

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[68] MacMurray, *Treaties*, 1894–1919, vol. II.

893.51/3936

The Vice President of the Continental and Commercial Trust and Savings Bank (Abbott) to the Under Secretary of State (Phillips)

CHICAGO, *August 9, 1922.*
[Received August 11.]

SIR: We acknowledge receipt of your letter of July 13, 1922,[70] quoting cablegram received by the Department from the American Legation at Peking, dated July 10, 1922.

The proposal of the Minister of Finance of the Chinese Government is that he will put the case of the Pacific Development and Chicago Bank Loans before the Provincial authorities and ask them to deposit 20% of their retained monthly collections of Wine and Tobacco revenues in a Special Sinking Fund Account in designated Banks. We do not question the sincerity or earnestness of the Central Government in proposing to make this endeavor, but we might be pardoned for having some doubt as to the ability of the Central Government to accomplish the desired result in respect to the "eight further yearly installments". In the original contract with this Bank the Chinese Government covenanted that "During each of the years that all or any part of said $5,500,000 loan, both principal and interest, remains unpaid, a net sum equivalent to at least $5,500,000 in gold coin of the United States of America of the present standard of weight and fineness shall be received from said revenues by the Chinese Government, and shall be available for the service of said loan". The Chinese Government further covenanted that it would "apply toward the payment of said Treasury Notes, both principal and interest, so much of said pledged revenues as will be adequate and sufficient to fully protect and pay all of said Treasury Notes and all unpaid accrued and accruing interest thereon." This agreement has not been carried out. The Chinese Government in communications passing between it and the American Legation in Peking, of which we had advice through your Department, promised to make certain payments in respect to the past due interest of our loan out of the Salt Surplus to be released in June and July of this year. This undertaking has also not been carried out and we might be pardoned for having some doubt as to the ability of the Chinese Government to carry out the proposal referred to in the above despatch from the American Legation dated July 10, 1922.

The Chinese Government by its Minister of Finance stated to me, in the presence of Mr. Willys Peck, Chinese Secretary of the American Legation in Peking (of which statement Mr. Peck made a memorandum) that "The only revenues upon which the Chinese

[70] Not printed.

Government could depend are those which are under foreign supervision". In the despatch above referred to, Mr. Tyndall Wei expresses the opinion that there is "no possibility of setting up a Wine and Tobacco Administration with foreign inspector since such step is so radical it would arouse great criticism of present Cabinet which is in enough difficulties", and therefore we presume that no foreign control of the revenues to be devoted to an extension of the Chicago Bank Loan is at present contemplated. If, however, conditions may have changed since the date of July 10, 1922, so that it might be possible for the Chinese Government to consider a foreign inspector for the Wine and Tobacco Administration, we would be sufficiently interested to send a representative of this Bank to Peking to negotiate with the Chinese Government on this matter. It seems to us greatly in the interest of the Chinese Government that the Wine and Tobacco revenues should be put in such shape as that there might not only be available sufficient revenues therefrom to take care of the loans secured thereon, but that through such development the Wine and Tobacco Administration might be brought to a point where those revenues would form a substantial security for a further loan or loans. From July to December 1921, during which time I was in Peking, the Chinese Government expressed an entire willingness, under the Loan Contract then being negotiated, to arrange for an effective supervision of the Wine and Tobacco Administration by an American and to this end, without having previously mentioned the matter to me, the Cabinet requested me to become Associate Inspector General of that Administration. When the Loan Contract failed of execution the matter of an American Inspector was dropped.

Without being on the ground it is difficult to determine what would be the best way of taking care of the two defaulted American loans, but we have not sufficient confidence in the carrying through, over a period of eight or nine years, of the proposal submitted, to be able with confidence to recommend to several thousand American holders of the Chinese defaulted Notes, that they should waive their present position and accept the proposal heretofore referred to.

Respectfully yours,

JOHN JAY ABBOTT

893.51/3955 : Telegram

The Minister in China (Schurman) to the Acting Secretary of State

PEKING, *August 29, 1922—1 p.m.*

[Received August 29—12:36 p.m.]

353. My 165, April 23 [*25*], 5 [*3*] p.m.[71] Lee [72] has ascertained from official Ministry of Finance that all of the bonds of the 96,000,000 issue

[71] Not printed; see telegrams no. 4, Jan. 3, and no. 45, Feb. 10, from the Minister in China, pp. 761 and 763, respectively.

[72] Dr. Frederic E. Lee, consul on special detail to American Legation at Peking.

are now on the market or in the hands of Japanese and Chinese banks to whom issued. Distribution has been as follows: 40,000,000 to Japanese banks, 10,000,000 for administrative expenses mainly salaries in arrears, and 46,000,000 to Chinese Banks. Of $4,000,000 interest due on the first coupon of this issue on July 31st only 600,000 was paid out of salt surplus releases. Bonds now selling around $30 for $100 bonds. Full report by mail.[73]

SCHURMAN

893.51/3955 : Telegram

The Acting Secretary of State to the Minister in China (Schurman)

WASHINGTON, *September 1, 1922—5 p.m.*

209. Your 353, August 29, 1 p.m.

Department fails to understand why Chinese Government is able to pay $600,000 interest on loan mentioned and does not make an interest payment on the several defaulted American obligations. You may so inform Chinese Government.

PHILLIPS

893.51/3962 : Telegram

The Minister in China (Schurman) to the Acting Secretary of State

PEKING, *September 8, 1922—4 p.m.*

[Received September 8—9 : 15 a.m.]

364. Your 209, September 1, 5 p.m. Legation has repeatedly brought this situation to the attention of the Foreign Office, Ministry of Finance and Ministry of Communication[s]. Payments continue to be made fairly regularly on 14,000,000 treasury notes,[74] consolidated internal loans, and now on 96,000,000 while Government is indifferent to defaulted foreign obligations. Full report follows.[73]

SCHURMAN

893.51/3974 : Telegram

The Minister in China (Schurman) to the Acting Secretary of State

PEKING, *September 21, 1922—2 p.m.*

[Received September 21—11 : 25 a.m.]

375. My 366, September 9, 11 a.m.[73] Chinese Government during Chang Ying-hua's[75] regime has paid $4,000,000 silver on Crisp and Anglo-French loan due September 20th and 25th, 1,000,000 Metro-

[73] Not printed.
[74] See telegram no. 19, Jan. 21, from the Minister in China, p. 762.
[75] Chinese Acting Minister of Finance; assumed office Sept. 8.

politan police, 500,000 to Navy, 160,000 to Houses Parliament, 700,000 to Government departments in cash and other sums in redeemable notes and 100,000 to Chihli militarists. All mainly from salt revenues and surplus releases. Reliably reported that payments due on Crisp and Anglo-French loans held back by custodian of banks before any releases made. Crisp payment being made today through Hongkong-Shanghai Bank which bank dropped sterling rate of exchange one farthing below market rate yesterday making Chinese pay one-half percent more than market rate.

Loan of 400,000 has been secured from Sino-Belgian Bank, 150,000 for educational expenses, 200,000 more for Parliament.

SCHURMAN

893.51/3974 : Telegram

The Acting Secretary of State to the Minister in China (Schurman)

WASHINGTON, *September 23, 1922—5 p.m.*

233. Your 375, September 21, 2 p.m.

Department is finding it increasingly difficult to explain to American creditors of the Chinese Government the ability of that Government to find funds with which to make payments such as you describe and at the same time fail to make any payment on defaulted loans to Americans, or provision for such payments.

You may so inform the Chinese Government and say, in addition, that this Government would be glad to receive a statement containing a definite plan on which this Government can rely for the liquidation of the over due obligations.

PHILLIPS

DECISION BY THE AMERICAN AND BRITISH GOVERNMENTS TO REMIT FURTHER PAYMENTS ON THE BOXER INDEMNITY, SUBJECT TO LEGISLATIVE APPROVAL[76]

493.11/829 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 23, 1922—9 a.m.*

[Received June 23—3:47 a.m.]

280. In note dated June 19th Minister for Foreign Affairs declares that it will be very difficult to resume payments Boxer indemnity[77] and "there appears to be no alternative but to again request an extension of two years". Says,

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[76] For previous correspondence regarding remission of payments on the Boxer indemnity, see *Foreign Relations*, 1921, vol. I, pp. 398 ff.

[77] For five-year postponement of Boxer indemnity payments, see *Foreign Relations*, 1917, supp. 2, vol. I, pp. 685 ff.

"When financial conditions are somewhat easier an arrangement can then be arrived at by consultation.

We believe that the American Government, which entertains the most friendly feelings and has always been very sincere toward China, seeing the stringent state of China's finances, will believe in us and pardon us for our action.

I have the honor to send you this note and to request that you will be so good as to communicate with your Government requesting its approval thereto.

I have the honor to ask that I be favored with a reply."

SCHURMAN

493.11/830 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *June 24, 1922—5 p.m.*
[Received June 24—2:11 p.m.]

283. My telegrams 280, June 23, 9 a.m. and 281, June 23, 11 a.m.[80] Yen [81] proposing conference on postponement of indemnity payments with American, British, French, Japanese Ministers in a few days. Believed he will submit some fundamental financial program. Ministers named met this forenoon discussed subject and agreed to take no action before Yen's conference. Following facts brought out.

1st. Baron Goto [82] told Chinese Minister in 1918 Japanese Government had adopted in principle policy of remission further indemnity payments on certain conditions and recently Japanese Government had practically concluded to devote of annual indemnity payments one-third to Chinese students in Japan, one-third to Japanese schools for Chinese in China and one-third for Japanese hospitals in China for Chinese and Japanese. These plans have gone so far it might be very difficult for Japanese Government now to postpone indemnity payments for two years.

2d. French Government has been considering other uses of the indemnity payments especially for rehabilitation Banque Industrielle and changes now probably difficult.

3d. British Government has not committed itself to other uses of the indemnity payments and would probably take broad view of proposal to postpone payments especially if convinced that reunification would probably be brought about.

4th. Italian Government will probably not want to postpone indemnity payments as money is greatly needed and Italian Finance Minister remarked not long ago in this connection that Italians were taxed far more heavily than Chinese.

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[80] Latter not printed.
[81] W. W. Yen, Chinese Minister of Foreign Affairs.
[82] Baron Shimpei Goto, Japanese Minister of Foreign Affairs in 1918.

I respectfully suggest that Department defer instructions till it receives my report of Yen's conference.

Please inform me regarding status in Congress of Lodge indemnity remission bill.

SCHURMAN

493.11/830 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *June 27, 1922—4 p.m.*

158. Your 283, June 24, 5 p.m.

Resolution to remit remainder of the indemnity passed the Senate last summer.

It is understood that Foreign Affairs Committee of the House of Representatives favorably disposed, but Chairman of the Committee believes that chances of passage of the resolution through the House would be enhanced if action should be deferred until December session of Congress.

HUGHES

493.11/837 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *August 2, 1922—2 p.m.*

193. Your 322, July 27, 6 p.m.[83]

The Department is in sympathy with the proposal for postponement of Boxer indemnity payments. However, you will understand that, since this Government holds China's bond for payment of the indemnity, nothing should be said to Chinese Government which might carry implication that the Executive undertakes to exercise, in the absence of legislative action, authority to enter into an agreement with China altering terms of that bond as to periodical payments of interest and principal. Doubtless no question on that point will be raised. You should therefore state that, if China is unable to meet payments at this time, the Department will refrain from pressing for payment for a period not extending beyond September 30, 1924, provided other interested governments are willing to defer payments. While the Government of the United States desires in no way to control the expenditure of these funds or monies obtained by loan secured thereon, you should consult with those of your colleagues taking similar action as to the advisability of obtaining from the Chinese Government a specification of the items to which these and other funds accruing to the Chinese Government for the period of postponement are to be used, particularly in view of Dr. Yen's statement quoted in paragraph 1 of Section 2 of your number 322.

HUGHES

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[83] *Ante*, p. 781.

493.11/837 : Telegram

The Acting Secretary of State to the Minister in China (Schurman)

WASHINGTON, *September 21, 1922—7 p.m.*

230. Department's 193, August 2, 2 p.m.

Has subject been discussed with interested members of Diplomatic Body and with Chinese Government? If so, with what result?

PHILLIPS

893.51/4096 : Telegram

The Minister in China (Schurman) to the Acting Secretary of State

PEKING, *September 23, 1922—11 a.m.*

[Received September 23—3:39 a.m.]

378. Your 230, September 21, 7 p.m. Yes. Italy refuses, France cannot as funds practically pledged for rehabilitation Banque Industrielle de Chine. England, Japan opposed principle but [if] other interested nations consented they might follow. English suggested to the Chinese Government postponement for one year but no result followed. Matter tacitly dropped.

I promptly informed Chinese Government of attitude of Department as set forth in the Department's 193 August 2, 2 p.m. On two subsequent occasions Koo [84] informed me other nations were not disposed to postpone indemnity payments and wanted me to ask Department to remove its condition of postponement namely similar action on the part of other interested nations, but I refused, feeling such request should properly reach Department through Chinese official sources.

SCHURMAN

493.11/862

The British Ambassador (Geddes) to the Secretary of State

No. 837

His Britannic Majesty's Ambassador presents his compliments to the Secretary of State and has the honour to inform Mr. Hughes that he is in receipt of instructions from his Government to bring to the notice of the Secretary of State that His Majesty's Government have now decided, subject to the sanction of Parliament, to remit their share of the outstanding Boxer indemnity payments on the understanding that these will be devoted to approved objects mutually beneficial to China and to Great Britain.

[84] Dr. V. K. Wellington Koo, Chinese Minister in Great Britain.

Pending a decision in regard to the detailed application of these funds, which is now under consideration, His Majesty's Inspector-General of Customs in China has been instructed to credit the forthcoming instalment of the above mentioned payments to a special suspense [*expense?*] account.

In communicating this information to the Government of the United States Sir Auckland Geddes is instructed to enquire whether the United States Government desire to associate themselves with His Majesty's Government in addressing to the Chinese Government a communication announcing their decision to remit under similar conditions the remainder of the indemnity payments. Sir Auckland Geddes would be grateful if he might be favoured with an early reply.

His Majesty's Government are addressing a similar enquiry to the Japanese Government.

WASHINGTON, *November 6, 1922.*

493.11/862

The Secretary of State to the British Ambassador (Geddes)

The Secretary of State acknowledges the receipt of the memorandum (No. 837) under date of November 6 in which His Excellency the British Ambassador advised him of having received instructions with regard to the decision of the British Government, subject to the sanction of Parliament, to remit its share of the outstanding Boxer indemnity payments on the understanding that these will be devoted to approved objects mutually beneficial to China and to Great Britain, and inquired whether the Government of the United States would desire to associate itself with the British Government in addressing to the Chinese Government a communication announcing its decision to remit under similar conditions the remainder of the indemnity payments.

The Secretary of State is happy to inform the British Ambassador that a substantially similar decision to remit to China, subject to the approval of the Congress of the United States, all further payments of this indemnity, as from October 1, 1917, was reached by the Secretary of State and communicated by him to the Chairman of the Committee on Foreign Relations of the Senate in a letter dated July 19, 1921.[85] There are enclosed herewith two copies of the Report of the Senate Committee (No. 250) embodying this recommendation, and of the Joint Resolution (S. J. Res. 85) introduced in the Senate by Mr. Lodge in pursuance thereof.[86] This Joint Resolution, hav-

[85] *Foreign Relations*, 1921, vol. I, p. 402.
[86] Enclosures not printed.

ing been passed by the Senate on August 11, 1921, is now under consideration by the Committee on Foreign Affairs of the House of Representatives. It will be noted that the Joint Resolution contemplates no condition upon the remission of the balance of the indemnity, this Government having assumed that the Chinese Government would not be disposed to devote the remitted funds to any purpose which this Government might have reason to deem objectionable or inappropriate.

No difficulty is anticipated in arranging that any sums paid by the Chinese Government, on account of the balance of indemnity payable to the American Government, which it was recommended should be remitted, shall be held subject to return to the Chinese Government in the event of the final approval by the Congress of the Joint Resolution now pending.

WASHINGTON, *November 17, 1922.*

493.11/869

The Secretary of the Treasury (Mellon) to the Secretary of State

WASHINGTON, *December 2, 1922.*

SIR: I have the honor to acknowledge receipt of your letter of November 24, 1922,[87] enclosing a copy of a memorandum of the British Ambassador relating to the remission of further payments of the annual installments of the Chinese Indemnity. It is noted that your letter states that the British Ambassador was advised that no difficulty is anticipated in arranging that any sums paid by the Chinese Government, on account of the balance of indemnity payable to the American Government, which, under the provisions of S. J. Res. 85, 67th Congress, 1st session, it was recommended should be remitted, shall be held subject to return to the Chinese Government in the event of the final approval by the Congress of the Joint Resolution now pending.

The Treasury, agreeably to that understanding, will arrange so that any moneys due the Government which may be received on account of the Chinese Indemnity will not be deposited to the credit of the general fund of the Treasury but will be held in a special deposit account pending a decision on the remission of the Indemnity by Congress.

Very truly yours,

A. W. MELLON

[87] Not printed.

493.11/871 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *December 14, 1922—4 p.m.*
[Received 5:04 p.m.]

494. On the resumption of Boxer indemnity payments this month I advise retained portion be handled as it was before December 1917 when payments were deferred. Same course might be followed with remitted portion also but I consider present method of handling remitted portion preferable in view of guarantees it affords. Please instruct by telegraph so I may notify Foreign Office.

SCHURMAN

493.11/873

The Comptroller General (McCarl) to the Secretary of State

WASHINGTON, *December 16, 1922.*

SIR: You are informed that in a statement of the accounts of the Chinese Government on account of Chinese Indemnity, Certificate No. 30613 Diplomatic Fiscal Officers, there was found due to the United States as of January 1, 1923, as follows:

1. Part of December 1917, monthly installments, payment deferred,	$42,822.16
2. Annual installments of $539,588.76 for 1918, 1919, 1920, 1921, 1922, payable semi annually, payments deferred,	2,697,943.80
3. Accrued interest at 4% on amount of deferred payments remaining due and unpaid as of Dec. 31, 1922,	251,302.74
	2,922,068.70 [88]

Respectfully,

J. R. MCCARL,
Comptroller General
By W. S. DEWHIRST

493.11/871 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *December 23, 1922—11 a.m.*

295. Your 494, December 14: 4 P.M.

Your recommendations concerning the method for making indemnity payments are approved. It is assumed that you intend the retained portion shall be paid into the International Banking Corporation for transmission to the Treasury and that the remitted

[88] Figures as on original document.

portion shall continue to be paid by the Inspector General to the Foreign Office in accordance with the Legation's despatch No. 1838 of December 31, 1917.[88]

HUGHES

REVISION OF THE CHINESE CUSTOMS TARIFF[89]

500.A 4e/11 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *March 11, 1922—6 p.m.*
[Received March 14—12 noon.]

98. Your 44, February 25, 3 p.m.[88] communicated to the Chinese Government. Foreign Office circular note dated 10th to different Legations announces that Chinese Government has appointed its delegates for effective 5 percent revision and has set March 31st at Shanghai for opening of conference. Note requests immediate appointment of delegates and notification of names.

SCHURMAN

500.A 4e/13a : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *March 31, 1922—5 p.m.*

75. At the request of State Department, Commerce has appointed Arnold[90] as principal delegate to Tariff Revision Commission. The Department hopes to appoint, in the near future, a technical delegate to assist him.

By Article I of the annex to the Customs Treaty, assent to ratification of which was made by the Senate yesterday, this Government as convener of the recent Arms Conference is obligated to extend an invitation to the Governments of Powers not represented at the recent Conference but who participated in the Tariff Revision of 1918, to appoint delegates to the Tariff Conference which meets at Shanghai today. Accordingly the American Missions at Christiania, Copenhagen, Madrid and Rio de Janeiro have now been instructed to extend such invitations to the Governments to which they are accredited. In communicating these invitations the Governments concerned are to be notified that the American Government had hoped that the Chinese Government would await ratification of the treaty before convening the Revision Conference and to express the

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[88] Not printed.
[89] For treaty relating to the revision of the Chinese customs tariff, signed Feb. 6, 1922, see *ante*, pp. 282 ff.
[90] Julean Arnold, commercial attaché at Peking.

American Government's regret that it could not, under the circumstances of the early convening of the Conference and the delay in ratifying the treaty, communicate the invitation earlier.

HUGHES

500.A 4e/18 : Telegram

The Consul General at Shanghai (Cunningham) to the Secretary of State

SHANGHAI, *April 7, 1922—2 p.m.*
[Received April 7—8:35 a.m.]

1. Present tariff revision calculated form basis for subsequent 2½ percent surtax, also questions concerning reclassifications and basis assessing duties will be considered. Anticipate require four to six months. Important our Government send immediately technical expert as assistant. Chinese request names American associate delegates. Japanese sending two well-qualified technical assistants. Request authorization nominate local American business man as member commission similar to action British, French and Italian interests. First formal meeting Commission April 12th. Arnold.

CUNNINGHAM

500.A 4e/16 : Telegram

The Consul General at Shanghai (Cunningham) to the Secretary of State

SHANGHAI, *April 7, 1922—4 p.m.*
[Received April 7—8:39 a.m.]

3. I propose Chinese proposal that Shanghai market values for six months, October to April, be taken as the basis new tariff. Arnold.

CUNNINGHAM

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500. A 4e/23 : Telegram

The Consul General at Shanghai (Cunningham) to the Secretary of State

SHANGHAI, *April 11, 1922—10 a.m.*
[Received April 10—11:27 p.m.]

4. From Arnold.

Recommend the appointment W. A. Burns manager of the American Trading Company Shanghai member American delegation Tariff Revision Commission without remuneration. American Chamber of Commerce endorses.

CUNNINGHAM

500. A 4e/16 : Telegram

The Secretary of State to the Consul General at Shanghai (Cunningham)

WASHINGTON, *April 13, 1922—4 p.m.*

Your 3 April 7, 4 p.m.
For Arnold.
Department's view is that any basis of valuation would be acceptable which in the judgment of the Revision Commission is deemed to correspond most nearly with the actual values which may be anticipated to prevail pending the further revision contemplated by Article 4 of the Customs Convention concluded February 6th.

HUGHES

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500. A 4e/23 : Telegram

The Secretary of State to the Consul General at Shanghai (Cunningham)

WASHINGTON, *April 22, 1922—4 p.m.*

Your April 11, 10 a.m.
For Arnold.
W. A. Burns is hereby appointed Associate Member of Tariff Revision Commission. Offer of voluntary services appreciated but under statute can not be accepted. Confer with Burns and telegraph amount regarded as reasonable compensation.

HUGHES

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500. A 4e/89a

The Secretary of State to Mr. Henry Blackwood, Special Deputy Collector of Customs, Seattle

[Extract]

WASHINGTON, *May 27, 1922.*

SIR: You are hereby appointed an Associate Member of the American Delegation on the International Commission to revise the Chinese Customs Tariff provided for in the treaty relating to Chinese Customs Tariff, signed at Washington February 6, 1922.

. . . . . .

I am [etc.] CHARLES E. HUGHES

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500. A 4e/100 : Telegram

The Chairman of the American Delegation, China Tariff Revision Commission (Arnold) to the Acting Secretary of State

SHANGHAI [*undated*].
[Received September 9, 1922—12:45 p.m.]

Does Department consider completed draft revised tariff as agreed by Shanghai Commission must be submitted for Department's sanc-

tion before final publication by Revision Commission? Is American delegation's sanction to completed draft sufficient for American Government ratification?

ARNOLD

500.A 4e/101 : Telegram

The Chairman of the American Delegation, China Tariff Revision Commission (Arnold) to the Acting Secretary of State

SHANGHAI [*undated*].

[Received September 13, 1922—9 : 18 a.m.]

Tariff Commission completes labors end September. Chinese propose following prefatory note to completed tariff:

"The publication of the present English version of the tariff is authorized by the Tariff Revision Commission of 1922. This tariff will come into force on the 1st December 1922."

Does Department sanction? American delegation satisfied present revision gives China full 5 percent effective estimated increased revenues on basis last year trade $15,000,000 silver.

ARNOLD

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500. A 4e/101 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *September 27, 1922—12 noon.*

235. Communicate following to Arnold:

Your undated telegrams received September 9 and September 13.

Ratifications Customs Treaty, pursuant to which Commission is proceeding, not deposited as provided Article 10 and consequently treaty not in force. However, Department will interpose no objections to publication revised schedule in manner indicated your September 13 pending deposit of ratifications provided schedule is accepted by all of the interested governments.

HUGHES

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500. A 4e/106 : Telegram

The Chairman of the American Delegation, China Tariff Revision Commission (Arnold) to the Secretary of State

SHANGHAI [*undated*].

[Received September 28, 1922—8 : 57 a.m.]

Tariff Commission completed work and adjourned 28th.

ARNOLD

500. A 4e/108 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *October 2, 1922—4 p.m.*
[Received October 2—11:07 a.m.]

403. Your 235, September 27, noon. Foreign Office note dated September 30th quotes telegram from Chairman Shanghai Tariff Revision Conference stating that conference in full meeting has approved revised import tariff prepared by it, and passed resolution that new tariff shall be promulgated October 1st and go into effect December 1st, 1922, "provided that all articles whose shipment for China was made prior to December 1st, 1922, shall pay import duty in accordance with former tariff." Telegram adds that delegates of different Nations are requesting their Governments to give their agreement to execution of this procedure.

SCHURMAN

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500. A 4e/108 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *October 5, 1922—5 p.m.*

236. Your telegram 403, October 2, 4 p.m.

Until Customs Treaty of February 6 has come into force the Department cannot affirmatively approve alteration of tariff schedules fixed by Treaty of October 20, 1920. As indicated in Department's telegram No. 235 September 27 you may however advise Chinese Government that this Government will interpose no objection to the arrangement suggested in the Chinese Foreign Office note of September 30 pending deposit of ratifications provided this arrangement is accepted by all interested governments.

HUGHES

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500. A 4e/117 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *October 18, 1922—12 noon.*
[Received October 18—9:29 a.m.]

422. Your telegram 236, October 5, 5 p.m. [omission] 9th. Foreign Office circular note 14th asserts revision just concluded was made in accordance with international agreement 1918 and was embodied in Washington Treaty only to hasten action. Purport appears to be that tariff schedule should be effective irrespective Washington Treaty.

Dean has circulated, with approval, letter dated 13 from Japanese Minister expressing the opinion that since Washington Treaty is not yet ratified and moreover Tariff Revision Commission comprised powers not signatory thereto new schedule cannot go into effect until Chinese Government receives separate approval each Government concerned. The Japanese Minister states that while the Japanese Government is desirous to act conformably to Washington Treaty it considers foreign merchants entitled to two weeks' advance notice of date scheme effective and he therefore proposes joint note to the Chinese Foreign Office asking issuance of customs notification to the effect that further notification will be issued when all approvals have been received and setting date schedule effective which date to be not less than two weeks later if notification of complete approval is issued after November 15th. Please instruct.

SCHURMAN

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500. A 4e/117 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *October 24, 1922—4 p.m.*

247. Your telegram 422, October 18, 12 noon.

The Department authorizes you to accept the Japanese suggestion, assuming it to imply that goods shall be entitled to entry at the old tariff rates if actually shipped for China by December 1st (as indicated in your telegram 403, October 2, 4 p.m.), or within two weeks after public notice of assent or acquiescence by all the nations which have participated in the recent tariff revision.

Advise Department promptly of conclusion arrived at.

HUGHES

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500. A 4e/150 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *January 5, 1923—4 p.m.*

[Received 4:45 p.m.]

10. My 1, January 2, 3 p.m.[92] Ministry of Foreign Affairs has notified Diplomatic Body that as each power concerned has conveyed to the Chinese Government its approval of revised import tariff it has been decided to bring it into effect on January 17th and syndicate notifications to that effect were issued on January 3rd.

SCHURMAN

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[92] Not printed.

POSTPONEMENT OF THE MEETING OF THE COMMISSION ON EXTRATERRITORIALITY IN CHINA

793.003 C 73/7

The Chinese Minister (Sze) to the Secretary of State

WASHINGTON, *April 13, 1922.*

MY DEAR MR. SECRETARY: The Conference on the Limitation of Armament at its Fourth Plenary Session on December 10, 1921, adopted a resolution establishing a commission to inquire into the present practice of extraterritorial jurisdiction in China and into the laws and the judicial system and the methods of judicial administration of China, which commission is to be constituted within three months after the adjournment of the Conference.[93]

In order to cooperate in and expedite the work of this commission it is the purpose of my Government to have translations made of all the codes of Chinese law and procedure and to get together various statistical information regarding Chinese judicial administration for the use of the commission. But this preparatory work is of such a technical character that it cannot be completed within a few months.

I am instructed, therefore, by my Government to inquire whether it is agreeable to the American Government to have the meeting of the commission postponed so that it will not begin its work until the fall of 1923.

I shall be greatly obliged if you will be so kind as to favor me with an expression of your views in this regard.

I am [etc.] SAO-KE ALFRED SZE

793.003 C 73/7

The Secretary of State to the Chinese Minister (Sze)

WASHINGTON, *April 25, 1922.*

MY DEAR MR. MINISTER: In your communication of April 13, 1922, receipt of which I have the honor to acknowledge, you inquire on behalf of your Government whether it is agreeable to the Government of the United States to have the meeting of the commission on extraterritoriality provided for in a resolution adopted by the Washington Conference on December 10 last, postponed until the fall of 1923.

In reply I beg to say that it would seem to be in the interest of all concerned to have before the commission when it shall assemble, full information regarding the codes of Chinese law, procedure and judicial administration; and as your note states that the Chinese Government cannot complete before that time the technical work of this character which it desires to prepare for the use of the commission, the proposed postponement of the meeting of the commission until

[93] For text of resolution, see *ante*, p. 289.

the fall of 1923 would be entirely agreeable to this Government, if it be also acquiesced in by the other powers.

I have, in conformity with what I understand to be your wish, informed the American diplomatic officers to those powers, by cable,[94] of this reply and have instructed them to ascertain the views of the governments to which they are respectively accredited.

I am [etc.] CHARLES E. HUGHES

793.003 C 73/5a : Circular telegram

The Secretary of State to the Diplomatic Representatives in Norway, Sweden, Denmark, Spain, Brazil, and Peru

WASHINGTON, *May 4, 1922—6 p.m.*

The Conference on the Limitation of Armament adopted on December 10, 1921, a Resolution providing that the participating Governments "shall establish a Commission (to which each of such Governments shall appoint one member) to inquire into the present practice of extraterritorial jurisdiction in China, and into the laws and the judicial system and the methods of judicial administration of China, with a view to reporting to the Governments of the several Powers above named their findings of fact in regard to these matters, and their recommendations as to such means as they may find suitable to improve the existing conditions of the administration of justice in China, and to assist and further the efforts of the Chinese Government to effect such legislation and judicial reforms as would warrant the several Powers in relinquishing, either progressively or otherwise, their respective rights of extraterritoriality"; and that the Commission "shall be constituted within three months after the adjournment of the Conference in accordance with detailed arrangements to be hereafter agreed upon by the Governments of the Powers above named, and shall be instructed to submit its report and recommendations within one year after the first meeting of the Commission." An additional Resolution adopted at the same time provided that the nonsignatory Powers, having by treaty extraterritorial rights in China, may accede to the resolution by depositing within three months after the adjournment of the Conference a written notice of accession with the Government of the United States for communication by it to each of the signatory Powers.[95]

You are instructed to communicate the above to the Government to which you are accredited and in so doing you will explain, in connection with the time limit of three months referred to in the principal resolution and in the additional resolution, that the Chinese

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[94] Telegrams were sent, Apr. 25, to Belgium, France, Great Britain, Italy, the Netherlands, Portugal, and Japan.

[95] For text of additional resolution, see p. 291.

Government has requested that the investigation be postponed until the fall of 1923 and has further requested this Government to circularize the participating Governments inquiring whether such postponement is agreeable to them. You may state that this Government has no objection to the postponement if other Governments concerned also have no objection.

You will inquire whether the Government to which you are accredited desires to adhere to the Resolution.

HUGHES

793.003 C 73/7

The Secretary of State to the Chinese Minister (Sze)

WASHINGTON, *May 29, 1922.*

MY DEAR MR. MINISTER: Referring to your communication of April 13, 1922, and my letter of acknowledgment of the 25th of the same month, I am now enabled to inform you that according to advices received from the appropriate diplomatic officers of the United States, all the Powers concerned have given their assent to the postponement of the meeting of the committee on extraterritoriality, as requested by your Government in order that it may complete the work of a technical character needed.

I am [etc.]

[For the Secretary of State:]
WILLIAM PHILLIPS

793.003 C 73/26

The Ambassador in Spain (Woods) to the Secretary of State

No. 399 MADRID, *November 28, 1922.*
[Received December 12.]

SIR: Adverting to the Department's circular telegraphic instruction of May 4th, 6 P.M., and to its circular telegram of May 27th, 6 P.M.,[96] relative to the establishment of a commission to inquire into the present practice of extra-territorial jurisdiction in China, I have the honor to inform the Department that I did not fail promptly to bring the contents of the two instructions in question to the attention of the Spanish Government, and to transmit herewith, in copy and translation, a self-explanatory Note, No. 145 of November 7th,[97] but received on November 25th, from the Minister of State, by which the Embassy is informed that the Spanish Government adheres to the agreement contained in the Department's telegraphic instructions under acknowledgment.

I have [etc.] CYRUS E. WOODS

[96] Latter not printed.
[97] Not printed.

ASSERTION OF THE EXTRATERRITORIAL RIGHTS OF AMERICAN CITIZENS UNDER MARTIAL LAW IN CHINA

893.00/4544

The Minister in China (Schurman) to the Secretary of State

No. 707 PEKING, *June 7, 1922.*
[Received July 11(?).]

SIR: I have the honor to enclose copies of correspondence[98] from the American Consul, Tsinan, Province of Shantung, relative to the recent declaration of martial law by the Chinese authorities at Tsinan and the territory along the Tientsin–Pukow and Shantung Railways. There is also enclosed a translation of the Martial Law Rules together with the comments of the Consular Body at Tsinan thereon.[98] It will be noted that there was some divergence of view among the members of the Consular Body as to what extent these rules were applicable to foreigners. The Legation in its instruction to the Consul at Tsinan dated May 25th, copy of which is enclosed,[98] approved the position taken by Mr. Gauss in his despatch to the Commissioner for Foreign Affairs dated May 2, 1922, in which he stated that while he could not consent to the application of martial law to American citizens in impairment of treaty rights, he was disposed to give all proper assistance to the authorities in maintaining order and in preventing or suppressing any possible participation by Americans in any improper or unlawful acts. A copy of this despatch is transmitted as an enclosure to Mr. Gauss' despatch No. 327, dated May 2, 1922.[98]

The Legation would appreciate an expression of the views of the Department on the general subject of the applicability of martial law to persons possessed of extraterritorial privileges for the guidance of the various Consular officers in China.

I have [etc.] JACOB SCHURMAN

893.00/4544

The Secretary of State to the Minister in China (Schurman)

No. 208 WASHINGTON, *August 18, 1922.*

SIR: Reference is made to the Legation's despatch No. 707 dated June 7, 1922, enclosing copies of correspondence from the American Consul at Tsinan regarding the declaration of martial law by the Chinese authorities at Tsinan and certain territory along the Tsinan–Foochow [*Tientsin–Pukow?*] and Shantung Railways. The Legation requests an expression of the views of the Department on the general subject of the applicability of martial law to persons possessed of extraterritorial privileges in China.

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[98] Not printed.

The Department is of the opinion that a declaration of martial law by the Chinese authorities can not operate so as to deprive American citizens in China of any rights or privileges which they are entitled to enjoy by virtue of stipulations contained in the treaties concluded between China and the United States. American consular officers in China, however, may in an appropriate case render all proper assistance to the Chinese authorities in maintaining peace and order and in preventing or suppressing participation by American citizens in any improper or unlawful acts. The Department, therefore, is in substantial accord with the view expressed by the American Consul at Tsinan in the communication of May 2, 1922, addressed to the Special Commissioner of Foreign Affairs at that city.

In the absence of a particular case arising requiring such action, the Department does not consider it necessary to make any comments concerning the particular provision of the Chinese regulations which accompanied the communication dated April 25, 1922, from the Special Commissioner of Foreign Affairs.

I am [etc.]

For the Secretary of State:
WILLIAM PHILLIPS

PAYMENT OF CHINESE CLAIMS ARISING OUT OF THE ACTS OF PERSONS CONNECTED WITH THE NAVAL OR MILITARY SERVICE OF THE UNITED STATES

411.93 C 44/1a

President Harding to the Senate and House of Representatives

TO THE SENATE AND HOUSE OF REPRESENTATIVES:

I transmit herewith a report from the Acting Secretary of State in relation to four claims presented by the Government of China against the Government of the United States arising out of the negligent or unlawful acts in China of persons connected with the military and naval service of the United States, and I recommend that as an act of grace and without reference to the question of the legal liability of the United States, an appropriation in the amount of $5,913.79 be made to effect settlement of these claims in accordance with the recommendation of the Acting Secretary of State.[99]

[WARREN G. HARDING]

THE WHITE HOUSE, [*March 9, 1922.*]

[99] Payment of these claims was authorized by the "Second Deficiency Act, Fiscal Year 1923", approved Jan. 22, 1923 (42 Stat. 1154, 1161).

[Enclosure]

The Acting Secretary of State to President Harding

THE PRESIDENT: I have the honor to submit with a view to its transmission to the Congress the following report and recommendation relative to four claims presented by the Government of China against the Government of the United States arising out of the negligent and unlawful acts of persons connected with the military and naval service of the United States:—

(1) Hilton A. Williams (alias Carter) and John Rohrer (alias Cook), both deserters from the American military forces stationed at Tientsin, China, in 1915, committed a robbery near Jehol, China, and Rohrer shot and killed a Chinese policeman who in the course of his duty had attempted to arrest them. When taken into custody, both men claimed to be British subjects and were, therefore, turned over by the Chinese authorities to the British Consul General at Mukden for trial by the British authorities. From Mukden they were transferred to Shanghai, where it was discovered that they were American citizens. Upon being arraigned before the United States Court for China, both men pleaded guilty; Williams to the crime of robbery, and Rohrer to that of murder.

In connection with the trial of these men, certain Chinese witnesses (the number is not indicated) were sent from Jehol to Mukden and from Mukden to Shanghai at the request of the British authorities. They were required to wait several months before the trial took place, and as a consequence incurred considerable expense for travel, lodging, et cetera. The Chinese Government has presented a claim for Mexican $6,195, covering these expenses. The matter of expense of the witnesses was brought to the attention of the Judge of the United States Court for China, with the hope that some allowance for witness fees might be made by the court but it appears that the Judge has taken the position that inasmuch as the witnesses failed to make application for the payment of fees within the time prescribed by law, there is no legal method by which such fees may now be paid.

The Chinese Government in a communication dated April 14, 1919,[1] and in a number of communications since that date, the last one bearing date of December 31, 1921,[1] has requested that this Government reimburse the witnesses for the expenses incurred by them in attending the trials and that a compassionate allowance be given to the family (five dependents) of the Chinese policeman whom Rohrer killed. The American Minister at Peking has expressed the opinion that the claim for expense is exorbitant and

[1] Not printed.

that $1,000 would cover the amount. He has recommended an allowance of $1,000 for the expense incurred and $500 as a solatium for the family of the Chinese policeman who was killed.

(2) The U.S.S. *Palos*, in October, 1917, while convoying the Steamer *Meitan* up the Yangtze River, caused the sinking of a Chinese junk, with its cargo, and the drowning of two Chinese citizens. The accident is said to have been due to the failure of the American vessel to sound its whistle or otherwise give warning of its approach.

In a communication of December 14, 1917,[2] and in a number of subsequent communications,[2] the Chinese Government has requested that this Government reimburse the owners of the junk and cargo for the losses sustained by them, and pay a solatium to the families of the two Chinese who were drowned, who are said to be in extremely destitute circumstances. The Navy Department apparently admits liability for the sinking of the junk, and has recommended an appropriation for the payment of damages. Upon the recommendation of that Department, a bill was introduced in the House of Representatives on August 1, 1921, providing for the payment of the sum of $2,413.79 to the Chinese Government. This bill passed the House of Representatives on November 5, 1921, and it is understood that it is at present before the Senate Committee on Claims.

(3) Homer Merritt Darke, a Ship's Cook of the Third Class, United States Navy, who was serving on the United States Steamship *Elcano*, while that vessel was anchored in the Yangtze River on September 4, 1920, seized a Chinese cobbler who had peaceably boarded the vessel apparently for the purpose of collecting a debt and without justifiable cause threw him overboard into the river. The man whose body was not recovered is said to have left a widow and four minor children. Darke was tried for the offense in the United States Court for China and was sentenced to a term of imprisonment for two years and to pay a fine of $500 and costs.

The Chinese Government in a communication of September 20 [*13?*], 1920,[2] and subsequent communications,[2] has requested that a monthly allowance for the maintenance of the widow be paid by this Government until a son, who at that time was stated to be ten years of age, reaches his majority. It is understood that the Navy Department has recommended that the sum of $1,000 be appropriated as an indemnity for the widow, but that the recommendation has not as yet been acted upon by Congress.

(4) The fourth case is that of Private Petticrew, of the Quartermaster Corps, assigned to the United States Army Transport *Merritt*, who, in September, 1920, while ashore on leave at Chinwangtao,

[2] Not printed.

China, entered a Chinese wine shop and, without provocation, shot and killed Li Shih Chi, a native employee therein. It is stated that the soldier, who was under the influence of intoxicants, upon entering the shop fired an automatic pistol at Li Shih Chi and killed him while he was in the act of escaping from the place; that he then turned and fired upon the proprietor but the shot did not take effect. Petticrew was tried for the offense by general court martial at Tientsin, China, and was sentenced to be dishonorably discharged from the service, to forfeit all pay and allowances, and to be confined at hard labor for the period of his natural life.

The Chinese Government has several times requested that some allowance be made for the benefit of the family (a wife and four children) of the Chinese citizen whom Private Petticrew killed.

The foregoing claims, with the possible exception of the first one which relates to the payment of witness fees, arise out of the negligent and unlawful acts committed in China by persons connected with the military and naval service of the United States. While under the generally accepted principles of international law there would appear to be no legal liability upon the part of this Government to settle these claims, the fact that the atrocities were committed on Chinese soil by members of our armed forces places upon this Government a degree of responsibility. Moreover, this Government has pressed to a satisfactory settlement with the Chinese Government claims of American citizens arising out of circumstances somewhat analogous to those here presented and the Department feels that it would be well for this Government to show its willingness to reciprocate when the situation is reversed.

One of the American claims which the Department has in mind arose on January 17, 1918, when the United States Steamship *Monocacy*, while proceeding up the Yangtze River, was fired upon, from the shore, by Chinese rebels. Chief Yeoman Howard Leroy O'Brien was killed and Seamen Donnolly and Ferguson sustained injuries as a consequence of the attack. As a result of representations which the Department made to the Chinese Government, that Government paid this Government as indemnity $25,000 (and interest) for Mrs. O'Brien and her children, and $500 (and interest) for each of the two seamen who had been injured. These payments were recently made through the Department of State.

I have the honor to suggest that you recommend to the Congress that as an act of grace and without reference to the question of the legal liability of the United States, an appropriation in the sum of $5,913.79 be made to effect settlement of these claims, distribution thereof to be made as follows:

For the reimbursement of witnesses for the expenses incurred by them while in attendance at the trial of Williams and Rohrer and

indemnity for the relatives of the deceased Chinese policeman killed by Rohrer, $1,500.

For the reimbursement of the owners of the junk and cargo sunk by the United States Steamship *Palos* on the Yangtze River, including indemnity for the relatives of the two Chinese citizens who were drowned, $2,413.79.

As an indemnity for relatives of the Chinese cobbler who was thrown into the Yangtze River by Cook Darke, and of the Chinese shop assistant killed by Private Petticrew, $1,000 each,—$2,000.

Respectfully submitted,

HENRY P. FLETCHER

WASHINGTON, *March 7, 1922.*

PROPOSALS FOR INTERNATIONAL COOPERATION IN THE DEVELOPMENT OF RADIO COMMUNICATIONS IN AND WITH CHINA [3]

893.74/551

The Expert Assistant to the American Delegation at the Conference on the Limitation of Armament (Squier) to the Secretary of State

WASHINGTON, *December 14, 1921.*

I have the honor to transmit herewith a letter [4] from Mr. J. W. Elwood of the Radio Corporation of America inclosing copies of letters of December 7, 1921, to Mr. James R. Sheffield, and December 12, 1921, to the Honorable Elihu Root, relative to communications in the Far East.

GEORGE O. SQUIER
Major General, U. S. Army

[Enclosure 1]

The Chairman of the Board of the Radio Corporation of America (Young) to Mr. James R. Sheffield [5]

[NEW YORK,] *December 7, 1921.*

DEAR MR. SHEFFIELD: As you know, prior to the war, the American Marconi Company was the largest and most successfully operated wireless communication company in the United States. This Company had not been in the full confidence of the Government, because a large percentage of its stock was owned in Great Britain.

Prior to the war and during it, the General Electric Company developed certain radio apparatus which carried the bulk of radio

[3] For resolution on radio communications in China, adopted at the Conference on the Limitation of Armament, and appended declarations, see p. 293.

[4] Not printed.

[5] Member of the Board of Directors (Radio Corporation of America).

traffic between this country and Europe from about June, 1918, to March 1, 1920. The operation of this apparatus was so successful and the feeling against the American Marconi Company, whether justified or not, led the representatives of the United States Government to appeal to the General Electric Company to set up an all American owned and operated wireless company.

Acting on the appeal of the representatives of our Government, the General Electric Company opened negotiations with the British Marconi Company, which led to the purchase by the General Electric Company of the British holdings in the American Marconi Company, and the formation of what is now the Radio Corporation of America.

Since the formation of the Radio Corporation of America, in order that this American owned and operated company might be successful from a communication standpoint, the wireless patents of the American Telephone and Telegraph Company, the Western Electric Company, the United Fruit Company, and the Westinghouse Electric and Manufacturing Company have been mobilized in the Radio Corporation of America, and each of the above companies have taken a financial interest, represented by preferred and common stock, in the Radio Corporation of America, and have representatives on its Board of Directors.

Prior to the war, there was no reliable international wireless service. At the present time, the Radio Corporation, with a little less than three years history, is carrying on direct communication by wireless with England, France, Germany, Norway, Italy, the Hawaiian Islands, and Japan. The Radio Corporation has the benefit of the patent rights of the principal operating companies in Germany, France, and England, and has the full confidence of the representatives of those companies.

Recently, the representatives of the Radio Corporation, the British Marconi Company, (the British Company), the Compagnie Générale de Télégraphie Sans Fils, (the French Company) and the Gesellschaft Für Drahtlose [Telegraphie, m. b. H.], (the German Company), met in Paris for over two months, and concluded an arrangement for the development of the communication of the South American countries, which was substantially as follows.

All four parties have granted all their external wireless communication rights in the South American Republics to Trustees to be held for the four parties in equal shares. The Radio Corporation of America, in addition to its trustees, names the Chairman, who shall be a prominent American, not connected with the Radio Corporation. The Chairman may break a tie or veto any action of the majority of the trustees, which, in his opinion, is unfair to the minority, so

that no effective action can be taken without American approval, thus carrying the principle of the Monroe Doctrine into the field of communications in the Western Hemisphere and giving the Americans effective leadership. It is proposed that under the trusteeship, national companies will be formed in each of the South American countries for the conducting of their international communication services. Each station so erected, is to be under the direct control of an operating committee, one representing the British, one representing the French, one representing the Germans, and one representing the Americans. The purpose of this operating committee is to insure against discrimination between the nationals in the freedom of communication. Acting under this program, a station is now being erected in the Argentine and a concession has been obtained and financial commitments made in Brazil.

The communication situation in the Far East, and especially in China is not dissimilar from the situation which existed in South America before the present arrangement was concluded in Paris. In China at the present time, the British Marconi Company and the Chinese Government own together the Chinese National Wireless Company, which, I understand, has a concession for international wireless communication; the Federal Telegraph and Telephone Company of California hold a concession from the Chinese Government for wireless communication; and the Mitsui Bussan Kaisha hold a concession from the Chinese Government for wireless communication, which will allow them to build and operate stations capable of carrying on an international service. It is also reported that the Great Northern Telegraph Company, a Danish Company, hold a complete monopoly for all of the external communications of China under a cable concession which the Chinese Government gave to the Telegraph Company in 1896. The question as to the rights and privileges under the three above mentioned wireless concessions is a subject of diplomatic negotiation, not only between the representatives of the American, British, Japanese, and Chinese Governments, but also between these parties and the Danish Government.

The fact is, however, that the Japanese under their concession have built a station in China capable of long distance work which can be put into operation shortly.

If the objective be to obtain promptly adequate communications between China and the other countries of the world without discrimination and without undue waste of the available wave lengths and capital, we suggest that the Americans, English, French and Germans and Japanese join in the immediate transfer of all of their concessions, rights and property in and for China, including the Japanese station, to a Board of Trustees, upon which each

of the nationals shall be equally represented and upon which the Chinese shall have such additional representation as seems appropriate under the circumstances. The Chinese, subject to the approval of the other nationals, shall select an eminent Chinese who shall act as Chairman of the Board with such powers as may also under existing circumstances seem appropriate. That the existing station and all others to be constructed, shall be in charge of an operating committee similar to that described heretofore in the South American setup, the purpose of which will be to insure fairness and equality in communication as between all nationals. That the Chinese Government shall grant a concession for such stations as may be necessary for adequate external communication with appropriate provisions, if so desired, for the Chinese Government to take over such stations when financial and other conditions in China are such as will insure continued development and operation of the stations.

An arrangement such as outlined above would give China direct international communication within six months or at the outside a year. It would insure an open door policy in communication, cooperation of all of the principal Governments, and bring to China the technical and financial resources of all of the principal wireless companies of the world.

Such cooperation will insure not only that the most modern stations in radio practice will be made readily available in China, but also in the principal countries of the world stations will be made available for the carrying on of communications with China immediately. Such an advantageous position for China could not be brought about by dealing with China alone as a segregated unit.

If the American, British, French, Japanese and Chinese Governments will commit themselves in principle to the method of solution of the external communication problem of China as outlined above, the Radio Corporation of America is confident that the cooperation of the great wireless companies of the world can be obtained. The chief executive officer of the French Company is now in Washington attached to the French delegation.[6] We believe representatives of the British, Germans, and Japanese companies could be assembled in Washington and the entire matter finally settled almost immediately.

The Radio Corporation of America, having been formed as the result of an appeal of our Government, regards it as part of its mission to develop communication of the United States and looks upon it as an obligation to our Government to bring the matters herein outlined to the attention of our delegates to the Disarmament

[6] Conference on the Limitation of Armament.

Conference who are discussing questions of communication, and I would be glad, my dear Mr. Sheffield, if you would use this letter as will best serve the interests of the United States as those are the interests of the Radio Corporation of America.

Very respectfully yours,

OWEN D. YOUNG

[Enclosure 2]

The Chairman of the Board of the Radio Corporation of America (Young) to Senator Elihu Root

[NEW YORK,] *December 12, 1921.*

MY DEAR SENATOR: The Radio Corporation of America has suggested a method for the prompt economical and adequate development of the external radio communications of China with all the principal countries of the world. The primary question is whether the suggestion is sound in principle and practical in application. The secondary question is how to accommodate justly and fairly the interests of the Federal Telegraph Company of California, which holds a concession in China and has already received the support of our Government in that field, and the Radio Corporation of America which has the technical and financial support of the great electrical concerns of America other than the telegraph and cable companies. The Radio Corporation of America also has exchange agreements with the great French, English and German companies which make available to it their inventions in the radio field.

The Radio Corporation of America made its suggestion for the comprehensive development of Chinese radio communications, not with the idea of superseding the Federal Telegraph Company of California in China or injuring its position there. The Radio Corporation of America made the suggestion because it does not believe that the radio communications of China can be developed by competitive duplication of stations or that the Federal Telegraph Company of California can execute successfully a program based on that theory. Stations are too expensive—business too meagre—wave lengths all too rare, and national feeling with reference to control of Chinese communications runs too high to permit successful execution of such a program.

The Radio Corporation of America is ready to cooperate with and assist the Federal Telegraph Company of California in carrying out the comprehensive program suggested in its letter to Mr. Sheffield, dated December 7, 1921, the original of which you have, on the following conditions.

(1)—That the Federal Telegraph Company of California is and will remain free from domination and control of cable interest of the

world and will devote itself whole-heartedly to the development of the external communications of China by radio.

(2)—That the American end of Chinese communications shall be handled by the Radio Corporation of America, which has large investments in facilities and organization on the Pacific coast of the United States and in the Hawaiian Islands.

(3)—That terms fair alike to the Federal Telegraph Company of California and the Radio Corporation of America can be made as the basis of such cooperation. To insure fairness of such terms, the Radio Corporation of America, subject to the two conditions first above named, offers to reach an agreement with the Federal Telegraph Company of California as to terms—and failing—to submit to the award of an impartial arbitrator as to such terms. It respectfully suggests that it will accept as arbitrator anyone whom you may name as competent and impartial.

In addition, the Radio Corporation of America will undertake to use its good offices in persuading the other great wireless companies of the world to accept the Federal Telegraph Company of California, acting in cooperation with the Radio Corporation of America, as a participant in the comprehensive program which it has suggested.

Yours very truly,

OWEN D. YOUNG

893.74/204

The Secretary of the Navy (Denby) to the Secretary of State

WASHINGTON, *December 16, 1921.*

MY DEAR MR. SECRETARY: This Department has received a copy of a letter addressed to Mr. James R. Sheffield by Mr. Owen D. Young, Chairman, Board of Directors, Radio Corporation of America, under date of December 7, 1921, on the subject of "Relation of Radio Corporation of America to the Communications of the United States and its Position relative to Communications in the Far East", copy enclosed.[7]

This letter outlines an arrangement which was recently consummated by the Radio Corporation of America with the main radio interests in England, France, and Germany, for radio communications in South America and suggests a similar arrangement in China as a measure towards solving the radio communication chaos now existing due to a number of conflicting concessions which have been granted to the nationals of a number of nations by the Chinese Government, and suggests that the American, British, French, Japanese, and Chinese Governments commit themselves in principle to the method proposed.

This Department agrees that some endeavor should be made to arrive at an understanding which will permit of an open door policy

[7] See *ante*, p. 830.

of radio communication for China and sees no objection to the plan suggested in Mr. Young's letter, provided that it or any other plan arrived at will not prevent healthy competition among commercial companies in furnishing the necessary means for communication from China to the outside world, and will under no circumstances prevent competition in America for Chinese traffic, a provision not believed to be a part of the South American arrangement the letter proposes as a basis. In other words, this Department considers that maintaining free and open competition in the matter of radio communication in the United States is equally as important as correcting the present chaos in China resulting from an endeavor to create monopolies, and believes that every endeavor to correct the latter condition should in no wise prevent a tendency towards the former condition.

In this connection I invite your attention to the fact that the Federal Telegraph Company, of San Francisco, California, a Company which has spent large sums of money over a period of many years towards advancing the radio art and is thoroughly familiar with communication conditions in the Pacific and Far East, now has a contract with the Chinese Government for a system of radio stations for communication within and without China.[8] It is believed that any arrangement as to Chinese communication, such as that proposed by Mr. Young's letter, should permit of the Federal Company being able to compete for the business of establishing means for communication within and without China and for stations in the United States and its possessions for communication to China; and this should be true of any other Company which in the future might show its ability to establish such communication as long as there are wave lengths available or wave lengths may be properly shared with other companies.

The Navy Department fears that any commitment on the part of the Government to an arrangement favorable to a monopoly by a single commercial company, though limited to a particular service, would but lend a means towards extending monopoly to other services such as development and distribution of apparatus in general, and this is considered absolutely undesirable, particularly in the field of supply and service to ships.

In view of the above this Department favors encouraging the proposed plan only on condition that understandings reached by the commercial companies interested shall be submitted to their respective governments for approval before becoming effective.

Sincerely yours,

EDWIN DENBY

[8] For correspondence regarding this contract, see pp. 844 ff.

893.74/213

The Chairman of the Board of the Radio Corporation of America (Young) to the Secretary of State

NEW YORK, *January 9, 1922.*
[Received January 11.]

MY DEAR MR. SECRETARY: The Radio Corporation of America, having been advised that the subject of electrical communications in the Pacific was on the agenda of the Disarmament Conference, has suggested to you and to your associates, as American representatives, a plan for international cooperation in the development of wireless stations in China. Such a plan has already been adopted by the principal wireless companies of the world for South America, and rapid progress is being made there.

The advantages of international cooperation are:

First, the elimination of the irritation and controversy now existing because of the several overlapping and conflicting concessions already granted in China.

Second, the economy of capital and wave lengths resulting from the use of sufficient stations only to do the external business of China rather than many stations all operating without adequate traffic at a financial loss.

Third, prompt construction of wireless stations in China and corresponding increase of stations in all the principal countries of the world required for the communication circuits.

Fourth, wide distribution of stations in China as business may be developed rather than congestion of several stations at one or two important points, like Shanghai and Pekin.

I quite realize that the Radio Corporation of America will be charged, no matter what program it suggests, with an attempt thereby to strengthen its own position in the Orient and to weaken the position of the Federal Company. That in fact is not the case. Our purpose is to find a way of getting quick and accurate communications with the Orient because they are greatly needed now and will be more needed in the immediate future. If they are not provided, the Radio Corporation of America, which is the only American wireless company furnishing international communications, will be criticized for not providing such communications. We are, therefore, interested that some practical program should be immediately adopted to meet the present need and the increasing requirements of the future.

I desire to recall to your mind the program set out in two letters heretofore submitted to you; one to Mr. James R. Sheffield dated December 7, 1921,[9] and one to the Honorable Elihu Root dated December 12, 1921.[10]

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[9] *Ante*, p. 830.
[10] *Ante*, p. 834.

We have reason to believe that the French and English are in sympathy with such a program, and we are inclined to think that the Japanese would be also. The real obstacle seems to be that some of your advisors are again raising that always effective cry of monopoly.

I maintain that the external wireless communications of America should be done by a single public service company regulated by our own Government as to rates, service, and return, and that there is no place for competition in the field of external communications. America can adopt either the theory of regulated monopoly or that of competitive activity—either will regulate rates and service. The only difference is in external communications if the competitive theory be adopted, the foreigners will regulate our rates and service; if the monopoly theory be adopted our own Government will do so. France, Germany, and Japan have adopted the theory of centralized control either in private or Government hands. Nothing would please them more than to have competitive American stations at their mercy.

We shall not urge the matter further, but we do put ourselves at your disposal in case we may be of help in furthering any communications program in the Orient which may be of benefit to America.

Very respectfully yours,

OWEN D. YOUNG

893.74/221

Mr. Elihu Root, of the American Delegation at the Conference on the Limitation of Armament, to the Secretary of State

[WASHINGTON,] *January 27, 1922.*

MY DEAR MR. SECRETARY: Regarding the proposal that Rogers[11] should join with the British, French and Japanese experts on electrical communications: In conferring informally and quite outside of the Conference—

1. With a view to bringing about an understanding between the private interests now holding monopolies or preferential privileges in China to the end that friction may be prevented and the monopolies or preferential privileges be so far as possible abrogated through friendly agreement; and
2. With a view to recommending proposals for the improvement of Trans-Pacific communication services, particularly with reference to press messages—

With the understanding that any recommendations are to be reported to the foreign offices concerned and not to this Conference,

[11] Walter S. Rogers, technical expert for communications to the American Delegation at the Conference on the Limitation of Armament.

I think such a conference is very desirable and Mr. Rogers may well take part in it.

Faithfully yours,

ELIHU ROOT

574.D 1/512

The Technical Expert, American Delegation at the Conference on the Limitation of Armament (Rogers) to the Secretary of State

Attached hereto is an agreed upon minute covering informal discussions between Mr. Brown, Great Britain, M. Girardeau, France, Messrs. Inada and Yoshino, Japan, and myself.

M. Girardeau, who by the way is an official of the leading French radio Company, was keenly alert to the interests of his company. He urged the desirability of an agreement between the private radio companies of the United States (Radio Corporation), Great Britain, France, and Japan looking toward joint action in the development of radio in China. He clearly sought to make the French station at Saigon the central radio station of Asia with China merely having secondary stations designed to handle traffic to and from Saigon.

Mr. Brown, who is a broad-minded person and who wants to see developed (preferably under government ownership) a comprehensive international network serving all alike, constantly expressed the view that the United States and Great Britain should not stand in each other's way in China and should urge their respective nationals to waive claims to existing monopolies.

The Japanese appeared to have no definite proposals in mind and appeared willing, providing a use could be found for the Mitsui (Japanese) station erected near Peking, not to press claims to monopolies or special privileges. They were especially interested in the possibility of improving communication services between the United States and Japan and stated they were going home to gather all the available data. They also stated that the Japanese Ambassador was authorized to negotiate with the American government generally regarding electrical communications.

It was agreed that the attached minute should be brought to the attention of the governments concerned with the suggestion that, so far as it goes, it should serve as a basis of policy and of understanding between the Powers.

It might be worth while to send copies of the minute to Tokyo and Peking, as it brings out to some extent the attitude of the other countries.

[WALTER S.] ROGERS

WASHINGTON, *10 March, 1922.*

[Enclosure 1]

Recommendations of the American, British, French, and Japanese Communications Experts

We the undersigned, experts for Communications attached to the American, British, French and Japanese Delegations to the Washington Conference, have held several informal conversations on the subject of Radio Communication in and with China, and desire to submit the following observations to our respective governments:

(1) The British, French, and Japanese experts have exchanged views for the purpose of bringing about, with the consent of China and of their respective private interests, a cooperative scheme looking to the provision of suitable radio stations in China for the establishment of services between China and other countries. Provision would be made in this scheme for the participation of the nationals of other countries on fair terms. While the scheme would look primarily to the provision of communication services between China and the territories of the countries whose nationals participate, nevertheless communication services would be provided with other countries whose governments gave consent.

The proposed cooperative organization would have no monopoly or exclusive privilege and would be subject to Chinese laws and to such general international agreements relating to communications as China may be a party to.

While it is recognized that the Chinese government may not for some time to come be in position to finance or to develop high-powered radio as a national undertaking, provision would nevertheless be made for the possible purchase by the Chinese government, upon fair and reasonable terms, of stations provided in China by the cooperative undertaking.

It is proposed that the station now being erected near Peking should, upon fair and reasonable terms and with the consent of China, be included in the proposed cooperative scheme. The proposed heads of arrangement are shown in the Annex.

(2) The American expert believes that probably radio communication between China and the United States can best be developed by the erection in China of radio stations primarily concerned in trans-Pacific communications and that such stations preferably should be owned and operated by the Chinese government or by Chinese or American private enterprise and that the existing concession held by the Federal Telegraph Company should serve as a basis for providing Chinese–American service.

While such stations would be employed primarily for the provision of services between China and American territory and North America generally, nevertheless communication services could also

be provided with other countries whose governments gave consent. Other foreign owned stations in China might also communicate with American territory, but the American government might well prohibit such exchange of traffic in cases where the foreign enterprise operating in China or the country to which it owes allegiance does not reciprocally permit American owned stations to communicate with its stations.

The existing Federal concession contains no monopoly or exclusive privileges and the stations therein contemplated would be subject to Chinese laws and to such general international agreements relating to electrical communications as China may be a party to.

While it is recognized that the Chinese government may not for some time to come be in position to finance or to develop high-powered radio as a national undertaking, provision should be made in concessions for Chinese-American communication (as in all other concessions) for the possible purchase by the Chinese government, upon fair and reasonable terms, of the radio stations concerned.

(3) The enterprises contemplated by (1) and (2) should be at liberty with the approval of the governments concerned to arrange between themselves for the interchange of traffic and for such other understandings as may benefit their respective interests.

(4) The provision of suitable radio stations in China for communicating with ships at sea is particularly desirable. If foreign owned stations in China are authorized to handle ship and shore traffic, all the interests concerned should cooperate with the Chinese Ministry of Communications with a view to coming to a common understanding regarding such operations.

(5) It appears desirable that the China National Wireless Company be broadened so as to make possible participation of other interests that can contribute patent rights, technical skill, or financial resources with a view to the development in China of factories capable of manufacturing a wide variety of radio apparatus. In conformity with the principle of the Open Door, such a company should not have a monopoly or preferential privileges although it is recognized that the control of patents and the participation in the ownership of the company by the Chinese government may go far toward creating a special situation.

We recommend that the governments whose nationals are interested in the China Electric Company and the Chinese National Wireless Telegraph Company should urge the two companies voluntarily to come to an understanding that will prevent conflicts arising out of their respective manufacturing concessions.

(6) We suggest that the four powers recommend to China that an arrangement be entered into with the cable companies looking toward the continued working, for a limited period after the expira-

tion of their existing contracts in 1930, of the Chinese coast cables and landlines used in conjunction with the companies system, substantially on the basis of the existing working agreements, provided no such arrangement involves any monopoly or preferential privilege and leaves a fair field for electrical communications in China and between China and other countries: the companies to notify the Chinese government that they in turn will immediately withdraw any claim to a monopoly in wireless communication in China or between China and other countries, and thus leave free scope for wireless development, but without preference for wireless as compared with cables and landlines, except that the rates chargeable to the public for communication by wireless may be 25 per cent (or in the case of press traffic more than 25 per cent) lower than the corresponding rates by cable, and that the rate for communication by wireless with America may be as low as the wireless rate to Western Europe—these limits to be reconsidered after 1930.

WASHINGTON, *February 4, 1922.*

[Enclosure 2]

Proposed Heads of Arrangement Respecting Wireless in China Agreed to by the British, French, and Japanese Communications Experts

1. A combination of British, French and Japanese wireless interests to be formed under the general authority of the Chinese Government, and with such financial, technical and other cooperation on their part as may be arranged, for the purpose (1) of constructing such wireless stations and supplying such wireless apparatus as that government may desire it to construct or supply, either against cash payment or against the security of revenue derived from the stations, and (2) of working the stations until paid for or longer if China so desires; the financial basis of the combination to be substantially an equal share for each of the wireless interests in question; the Great Northern Telegraph Company to take a similar share if they so desire. Each interest concerned to have equal representation on the governing body of the combination. Details to be arranged by the several wireless interests in question, under the respective control of their Governments, in consultation with the Chinese Government.

2. Existing stations or stations in course of construction under concessions to any of the interests individually to be brought under the combination, suitable compensation being paid by the combination in respect of legitimate expenses already incurred.

3. The Chinese National Wireless Company to be reorganized with the consent of the Chinese Government in such a way as to include

the wireless interests above mentioned, and also American wireless interests if they agree, on the basis of an equal share for each nationality; and to endeavor to arrange with the China Electric Company for a mutually satisfactory division of the field of manufacture of apparatus for electrical communication generally.

4. The Great Northern Telegraph Company to be at liberty either to set up a station in China with the consent of the Chinese government to supplement its Peking-Siberian landlines, on the understanding that such traffic only is forwarded by means of this station as is paid for at the landline rates and would normally pass over these lines; or, as an alternative, to arrange for the use for that purpose of stations erected by the combination.

5. The combination to arrange for the embodiment of the best radio practice in the stations which it constructs, and for the efficient working of the stations so long as it works them; but subject to these conditions the several wireless interests to take as far as possible an equal share both in constructing and in working the stations. The combination also to arrange, as far as possible, for the opening of services, on suitable terms, with any stations in other countries with which communication can be effected and whose governments give consent.

6. All wireless traffic between China and other countries to be sent by the most direct route, unless the sender otherwise directs, or unless the direct route is interrupted or congested.

7. Subject to the concurrence of China, external radio traffic to be exchanged in the interior of China either by radio or by landline subject to the principle that within the interior of China the landline and radio network will supplement each other.

8. The combination to secure from China an assurance (1) that she will not permit any stations in China which are not worked by the combination to use wave-lengths unduly near to those in use at stations in China worked by the combination, or otherwise to interfere electrically with the working of the latter stations; (2) that she will not exchange traffic with any competing organization on terms more favourable than those enjoyed by the combination.

9. Any radio interest of other nationalities which desire to enter the combination, to be allowed to do so with the consent of the original members on a basis representing the capital invested in their undertakings in their own countries as compared with the total capital invested in the undertakings of the original interests in their own countries, provided (1) that no new nationality takes a greater share than each of the original nationalities; (2) that the new interest is able, if desired by the combination, to open a station in its own country for communication with stations of the combination, in such a way as to assure an efficient service between such country

and China; (3) that the new interest refrains from competition with the combination in China; and (4) that it uses its best endeavours to secure the consent of its Government to these Heads of Arrangement as a whole.

10. The three Powers whose wireless interests are originally affected to support diplomatically the arrangements above set forth, and not to support other wireless undertakings in China so long as the conditions remain substantially as at present.

WASHINGTON, *February 4, 1922.*

574.D 1/485

The British Ambassador (Geddes) to the Secretary of State

No. 414

His Britannic Majesty's Ambassador presents his compliments to the Secretary of State and has the honour, on instructions from his Government, to inform him that the following conclusions of the wireless experts on the subject of radio communication in and with China have been approved by His Majesty's Government:—

(1) The conclusions agreed to by the American, British, French and Japanese experts, and signed by Messrs. Walter S. Rogers, F. J. Brown, M. Girardeau, K. Yoshino and Samosukie Inada on February 4th, 1922.

(2) The Proposed Heads of Arrangement agreed to by the British, French and Japanese experts, and signed by Messrs. F. J. Brown, M. Girardeau, K. Yoshino and Samosukie Inada on the same date.

WASHINGTON, *June 2, 1922.*

ARRANGEMENT BETWEEN THE FEDERAL TELEGRAPH COMPANY AND THE RADIO CORPORATION OF AMERICA FOR CARRYING OUT THE FORMER'S CONTRACT WITH CHINA [12]

893.74/210 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *January 6, 1922—1 p.m.*

[Received January 6—5:58 a.m.]

5. With reference to my telegram of December 5, no. 432,[13] I am informed by a representative sent to me by the new Minister of

[12] For previous correspondence concerning the contract, see *Foreign Relations*, 1921, vol. I, pp. 404 ff. For texts of agreements between the Federal Telegraph Company and the Chinese Government, see *List of Contracts of American Nationals with the Chinese Government*, etc., annex VIII (Washington, Government Printing Office, 1925).

[13] *Foreign Relations*, 1921, vol. I, p. 455.

Communications that, according to telegrams from the agents of the Ministry at the Conference on the Limitation of Armament, the American Government has apparently indicated that it approves the French proposals for the unification of the Chinese wireless.[14] As the Minister of Communications disapproves these proposals he is disturbed and desires to proceed with the Federal Telegraph agreement. He urges the financial support of the American Government in behalf of the Federal Company in order to permit the building of the station at Shanghai, allowing the building of the other stations to wait until later, in this way reducing to about $3,000,000 the initial financial requirements.

In the event that this unification scheme is to supersede the Federal contract, it is deemed desirable for the information of the Chinese critics that the Department should issue a statement explaining the change. On the other hand if the Federal contract still holds the field, it is essential that work should be started without delay, in order to maintain American prestige.

SCHURMAN

893.74/210 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *January 10, 1922—8 p.m.*

4. With reference to your telegram of January 6, no. 5, you are informed that the American Government will not assent to the setting up in China by foreign private companies or by foreign powers of any arrangement which will impose either a cable, radio or telegraph monopoly upon China. As far as Chinese communications are concerned any understanding arrived at will only be reached after the fullest consultation with the Chinese Government representatives. This Government maintains its previous attitude toward the Federal Telegraph Company's contract and it is expected by the Department that the Federal Telegraph Company's understanding with the Chinese Government will be possible of execution by the company.

HUGHES

893.74/218 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *February 10, 1922—11 a.m.*

[Received February 12—11:49 a.m.]

43. Representative of Ministry of Communications calling at the Legation with telegrams from Chinese delegates Washington Confer-

[14] For resolutions presented to the Conference by René Viviani, French delegate, see S. Doc. No. 126, 67th Cong., 2d sess., pp. 573 ff. and 713 ff.

ence states Danish Great Northern Telegraph Company making representations to the Ministry pointing out failure of the Federal Company to execute contract asserting categorically that Federal Company will be unable to raise the capital and urging that the Great Northern be allowed to take over Federal contract under guarantee of execution. Director General of Telegraphs returning evasive replies.

Chinese still perturbed at reported international commission for wireless and disappointed and uneasy at failure even to commence Federal contract.

Director General particularly anxious to learn method and progress of Federal Company bond issue. If the Department could telegraph reassuring information it would relieve an embarrassing situation.

SCHURMAN

893.74/219 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *February 10, 1922—4 p.m.*
[Received February 12—11 : 10 a.m.]

44. My 43, February 10, 11 a.m. Ministry of Communications yesterday sent a strong telegram to the Chinese delegates opposing alleged French project of international control of wireless in China or any interference with Federal contract also declaring Chinese Government's support policy equal opportunity and repudiation monopolistic discriminatory clauses British and Japanese wireless contracts. Ministry Communications requests that American delegates consent to confer privately with Chinese delegate on the subject of wireless communications with a view to joint action in the face of British, Japanese and French policies.

SCHURMAN

893.74/218 : Telegram

The Acting Secretary of State to the Minister in China (Schurman)

WASHINGTON, *February 16, 1922—5 p.m.*

36. Your 43, February 10, 11 a.m.

The Department understands that the Federal Company is proceeding under its concession. The president of the Federal Company is *en route* from New York to San Francisco but will be communicated with as soon as possible. Meanwhile, you may if you so deem necessary intimate to Chinese Minister of Communications that any effort to discredit Federal should not be tolerated.

FLETCHER

893.74/219 : Telegram

The Acting Secretary of State to the Minister in China (Schurman)

WASHINGTON, *February 16, 1922—6 p.m.*

37. Your 44, February 10, 4 p.m.

Inform Ministry of Communications that American Delegation to Armament Conference has been disbanded but that the Department will hold itself ready to discuss with the Chinese delegate, or Chinese Minister, question of wireless communications in China and in the Pacific. The Ministry is doubtless aware that the resolution introduced during the Conference by Mr. Viviani designed to give approval to cooperative development of radio between China and other countries was not acted upon by the Conference.

[Paraphrase.] A proposal that the four private wireless interests concerned combine to further wireless between China and other countries was discussed informally and outside the Conference by the American technical expert with the Japanese, French and British communication experts but did not gain the American expert's approval, although it assumed various forms, and never went before the Conference for formal consideration. The three foreign communication experts of whom I speak conveyed intimations that they would make recommendations to their various governments that, conditioned by China's consent, the French, British and Japanese interests enter a combination to formulate an arrangement whereby wireless communication between China and other countries would be brought about; and including in this plan the station near Peking which the Japanese are now erecting. The American expert believed in general, for his part, in the development of a direct communication, unstraddled by any foreign interest, between China and the United States. For a basis for this he believed in putting to use the concession of the Federal Company. The American expert will be authorized by the Department to undertake informal conferences with the Chinese delegate or Chinese Legation's representative. [End paraphrase.]

FLETCHER

893.74/222 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *February 20, 1922—10 a.m.*

[Received February 22—3:15 p.m.]

55. My number 43, February 10, 11 a.m. Representative of Ministry of Communications reports that information received by Ministry from Moss [15] indicates arrangements made by Federal Company to

[15] Barnes Moss, representative in China of the Federal Telegraph Company.

secure loan from bankers of two and one-half million gold. Ministry urges that construction of Shanghai station be carried out first as this sum is ample for this purpose and that beginning of work operation hastened as Japanese wireless station near [Peking?] nearly completed and will be operating in April.

SCHURMAN

893.74/229

The President of the Federal Telegraph Company (Schwerin) to the Secretary of State

SAN FRANCISCO, *March 8, 1922.*
[Received March 13.]

SIR: I beg to acknowledge your confidential letter of February 27th, FE–893.74/222,[16] and have to advise that I am leaving for New York City on Friday, March 10th.

In regard to the desire of the Minister of Communications that we should proceed at once with the building of the Shanghai station, we feel we should not go ahead with this enterprise until we have totally financed the situation. You will please understand that if we are able to make our contract to cover all the primary apparatus and motor power, which the Federal does not build, at one time, it would be to great advantage to our construction account.

As soon as possible after my arrival in New York I will personally call on you in Washington and will then fully advise you as to what arrangements the Federal has been able to consummate regarding the building of these Chinese stations.

Very respectfully,

R. P. SCHWERIN

893.74/230½

The Secretary of State to the Secretary of the Navy (Denby)

WASHINGTON, *March 22, 1922.*

SIR: I have the honor to enclose herewith a memorandum in which reference is made to negotiations being carried on between the Federal Telegraph Company and the Radio Corporation of America with regard to the concession in China now held by the Federal Telegraph Company and looking toward a contract between the two companies for common action in the development of trans-Pacific radio communications. Mr. Rogers, who prepared the memorandum, has been informally discussing the matter with officers of the Naval Communications Service. I shall be glad to learn your views regarding the various questions raised by the memorandum.

I have [etc.] CHARLES E. HUGHES

[16] Not printed.

[Enclosure]

The Technical Expert, American Delegation at the Conference on the Limitation of Armament (Rogers) to the Secretary of State [17]

I have had several informal conversations with Mr. Schwerin, President of the Federal Telegraph Company, Mr. Young, chairman of the Board of the Radio Corporation, and Mr. Swope, president of the International General Electric Company, regarding trans-Pacific radio and the Federal Company's concession in China.

For various reasons the Federal Company has thus far been unable to finance its Chinese concession and the necessary complementary stations needed in the United States.

During the recent Washington Conference the Radio Corporation favored the development of radio in China by a cooperative enterprise to be participated in by American, British, Japanese, and French private radio interests.

Officers of the Naval Communications Service and I opposed any such arrangement for several reasons but mainly in the belief that American private and public interests would be best served by keeping Chinese-American radio communication services free from foreign participation whether governmental or private.

The Federal Company appreciates the support given it by the State Department in China and its responsibilities under the existing concession; the Radio Corporation, which at present operates stations at San Francisco and Honolulu, indicates a willingness to meet the wishes of the government.

With a view to making possible the carrying out of the Federal concession, the establishment of American services between China and American territory, and the general development of radio communication in the Pacific area, the Federal Company and the Radio Corporation have been carrying on negotiations.

In substance, according to my understanding, the two companies propose to set up a new company to which the Federal Company will transfer its Chinese concession, its stations now engaged in ship-to-shore operation, and the exclusive right to use its patents and apparatus in the three Pacific coast states, Alaska, the American insular possessions in the Pacific, and in China and to which the Radio Corporation will transfer its present stations near San Francisco and Honolulu, its traffic agreement with Japan, and the exclusive right to use its patents and apparatus in the three Pacific states, Alaska, the American insular possessions in the Pacific, and in China. The Federal Company and the Radio Corporation are

[17] This paper bears the following annotation by the Chief of the Division of Far Eastern Affairs: "I concur. MacM[urray]."

to have equal participation in the control of the proposed new company.

A formal agreement has not been drafted, the discussion thus far having been confined to a consideration of principles.

The companies understand that the State Department will not directly or indirectly pass upon the legality of any agreement they may reach and will not pass upon the commercial merits of the enterprise. The companies, however, desire to keep the Department informed of their plans and wish to work them out in such a manner that the Department will continue its diplomatic support and that harmonious relations will exist between the companies and all the interested departments.

The Navy, owning and operating a number of radio stations in the Pacific area, is directly interested in radio developments in the Pacific and is, I believe, desirous of reaching an understanding with American radio companies as to the respective fields of activity and as to the interchange of traffic.

Personally, taking all the circumstances into consideration, I favor the plan being developed by the companies provided certain points are covered and these, I believe, the companies recognize as reasonable.

These points are:—

(1) There should be no understanding between the companies that will in any way hinder the Federal Company operating radio elsewhere or continuing the manufacture, development, and sale of its particular type of radio apparatus. The Navy has a large investment in this type of apparatus and naturally, in its own interest, in the interest of the merchant marine, and in the interest of the radio art, desires the continued development of all the various types of apparatus. An absorption of the Federal Company by the Radio Corporation would give the Radio Corporation and its associated companies a virtual monopoly in the manufacture of long distance transmitting apparatus.

(2) That neither the Radio Corporation nor the Federal Company nor the proposed new company has or shall have any understanding with the Commercial Pacific Cable Company or any other cable company for the maintenance of rates or the limitation of services.

(3) That neither the Radio Corporation nor the Federal Company nor the proposed new company has or will make any agreement with a foreign government or another radio company that will interfere with the determining of trans-Pacific rates of services upon an independent basis.

(4) That the companies recognize the paramount importance to the United States of the development of adequate, low rate communication services between the United States and its Pacific possessions and between such possessions, and that contemporaneously with the organization of the proposed new company a traffic agreement be entered into between the Navy and the proposed new radio

company. There is no immediate or even remote possibility of private enterprise meeting all the government needs for radio communication services in the Pacific, the sooner, therefore, an understanding is reached between the Navy and the American radio companies the better for all concerned.

(5) My understanding is that Mr. Schwerin will be in charge of the proposed new Pacific radio company. The matter of particular concern to the government is that the proposed new company be sufficiently independent to be able to devote itself unhampered to the development of trans-Pacific communications.

Obviously in the case of a cable most, if not all, of the above points, would be covered by the terms of the landing license.

My recommendations are—

(1) That a copy of this memorandum be sent to the Secretary of the Navy, with the request that the Navy make any observations it cares to.

(2) That the Federal Telegraph Company and the Radio Corporation, should they formally ask the attitude of the Department, be advised:

(*a*) That the Department declines to pass upon the legality of any agreement they may make or upon its commercial possibilities.

(*b*) That the Department would view with favor the establishment of direct radio communication between China and the United States and between China and American territorial possessions in the Pacific free from possibility of foreign control or interference.

(*c*) That the Department is most anxious that the Federal concession not be allowed to lapse but be promptly utilized.

(*d*) That the Department hopes that trans-Pacific radio communications can be developed fully and unhampered by restrictive contracts with other radio enterprises or with cable companies.

(*e*) That the Department hopes that the American commercial radio interests and the Navy can come to a satisfactory understanding regarding division of field and the interchange of traffic.

(*f*) That the Department hopes in view of the Navy Department's interest in the Federal type of apparatus that the Federal Company will independently continue the development, manufacture, and sale of such apparatus.

(*g*) That, in the event of the companies making a set-up fair to American and Chinese interests, the Department will continue to give to the Federal Company and to the proposed new company all such proper support as may from time to time be warranted by the circumstances.

(*h*) The Department hopes that the various private interests holding concessions in China affecting electrical communications can reach an understanding that will prevent controversies over such concessions, and the Department will use its good offices to help in bringing about such an understanding.

Prompt decision is necessary in this matter. The French, Japanese, and British radio interests are urging the Radio Corporation to join them in an arrangement for the development of radio in China. The Radio Corporation, while indicating its willingness to work out an arrangement with the Federal Company and to proceed along lines acceptable to the government, has told the foreign companies that it will inform them of its position not later than March 27.

While the Federal Company and the Radio Corporation have sent no communication to the Department, Mr. Schwerin is here feeling out the situation. He inquired my personal views, and in response I have shown him this memorandum. If you indicate your general approval, he informs me that he will take up with the Navy Department the question of an understanding between that Department and the companies and will write you a letter outlining the attitude of the companies and that the attitude will accord with the views expressed in this memorandum.

W[ALTER] S. R[OGERS]

[WASHINGTON,] *March 21, 1922.*

893.74/231 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *March 24, 1922—5 p.m.*
[Received March 27—11:40 a.m.]

114. The Chinese Director of Telegraphs wishes to know when Federal Company's representatives will probably reach China as in accordance with Washington Conference agreement he is arranging to take over foreign wireless plants in China. He desires telegraphic reply. The Director believes it is possible to use some of this equipment in construction by the Federal Telegraph Company and with others out of the fight thinks the prospects are especially favorable for the Federal Company. It is considered important by the Legation that the despatch of its agents to China to start construction and other work should be hastened by the Federal Telegraph Company.

SCHURMAN

893.74/232

The Secretary of the Navy (Denby) to the Secretary of State

WASHINGTON, *March 25, 1922.*

SIR: I have the honor to acknowledge the receipt of your communication of 22 March 1922, with attached memorandum regard-

ing negotiations that are now being carried on between the Federal Telegraph Company and the Radio Corporation of America as to the concession in China now held by the Federal Telegraph Company for the erection of certain radio stations in China and their operation as a part of a joint company in the development of trans-Pacific radio communications.

I am in general accord with the proposals set forth in the memorandum and I feel that American communications in the Pacific, so far as radio is concerned, can be put upon a firm basis if some such company or companies as has been proposed is set up and a proper traffic agreement made with the present Navy high powered circuits in that area. Until some mutual agreement is made between the Government system and private systems, I consider that the United States will be at a disadvantage, so far as handling of the communications for our Government and our private interests is concerned.

Any traffic agreement between the Navy Department and the proposed new operating company in the Pacific should, I believe, be based on the following principles:

(1) Recognition of the general principle that government and commercial radio communication between the United States and its possessions and between United States possessions where the Navy now has or in the future may have radio stations shall be carried on by the Navy, and that commercial communication between the United States and foreign countries shall be carried on by the company, (the present privately owned high powered station at Honolulu to continue as at present in the handling of commercial traffic with its present or future foreign connections).

(2) The maintenance of a circuit between countries of the Pacific on the one hand and the United States on the other to be controlled throughout by either the company or the Navy or both, and that traffic to or from American territory be handled by the company or the Navy or both.

(3) The fullest co-operation between the company and the Navy shall be established and cultivated with the view of maintaining the best possible service. The circuits of either system to be made available to the other in case of breakdown or delay as may be necessary to give the best service.

(4) The right of the Navy's system to handle United States Government or foreign government state telegrams with connecting foreign government stations where there is direct radio communication.

(5) The right of either the Navy or the company to make traffic arrangements with other United States' radio companies similar to those proposed between the company and the Navy. In case of proposed new traffic agreements between either the Navy or the company on the one hand and foreign private companies or Governments on the other, the proposals shall be considered in conference between the Navy and the company before any agreement is concluded. In any case neither the Navy nor the company shall make more favorable arrangements with a foreign company or government than with an American company or the Navy.

Any such traffic agreement would, of course, be subject to the United States laws, so far as the Navy Department is concerned in its authority for carrying out its part of the agreement.

Respectfully,

EDWIN DENBY

893.74/231 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *May 8, 1922—3 p.m.*

114. Your telegram No. 114 of March 24, 5 p.m. Some time ago the Department communicated to Mr. Schwerin, who has been ill, the substance of that telegram. With his engineers he is in New York conducting negotiations for traffic agreements and arranging other matters which are necessary incidental to the carrying out of the contract of the Federal Telegraph Company. Exact information will be cabled to you as soon as the Department can obtain it from Mr. Schwerin.

HUGHES

893.74/238 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *May 12, 1922—4 p.m.*

[Received May 12—8:45 a.m.]

216. Department's 114, May 8. Following is summary of oral communication which I received today from the Ministry of Communications.

There recently called at the Ministry of Communications a representative of British, French, and Japanese wireless interests. He stated that these interests would soon present to the Chinese Government an agreement which they had reached on wireless policy in China. The Ministry received the impression that this policy was at variance with that of the Washington Conference. The Federal Telegraph contract continues to be decried by these wireless interests who declare that it can not be put into execution. Because of the long delay by the Federal Telegraph Company the Ministry of Communications is unable to disprove this. Is it not possible for the Federal Company to hasten? The Ministry is becoming anxious.

SCHURMAN

893.74/238 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *May 17, 1922—5 p.m.*

123. Your 216 May 12, 4 p.m.

Federal Company states it is now completing financial, mechanical and traffic arrangements: that its engineers now in New York expect to arrive Peking end of June.

[Paraphrase.] The necessity is facing the Federal Telegraph Company to sell Chinese bonds in order to meet the cost of erecting the proposed stations in China and also to raise a fund sufficient to provide American territory with the necessary communicating stations. You are aware of the reasons why the sale of Chinese bonds is practically impossible for the time being. As the present high-powered Honolulu and San Francisco stations are not fully utilized and are not particularly profitable, it is difficult to finance additional competing stations. The above-mentioned existing stations are owned by the Radio Corporation of America which was at first inclined to join the British, Japanese, and French radio interests for developing radio in China. At this moment the Federal Telegraph Company and the Radio Corporation of America are endeavoring to reach a general arrangement by which the present Honolulu and San Francisco high-powered stations can be utilized and the latter company can aid in financing the execution of the concession granted the Federal Company. These two companies have been working upon an agreement for some time and simultaneously their engineers have been working together with regard to the stations in China. The Federal Telegraph Company now gives assurances that, no matter what the details of its arrangement with the Radio Corporation of America may ultimately prove to be, an agreement will not only be arrived at, but the agreement's character will insure American control of wireless between the United States and China.

It is of the utmost importance that nothing be known regarding these negotiations until the Radio Corporation is in a position formally to take up this question with the Chinese Government, on account of the corporation's close relations elsewhere with the German, French, and British radio interests and on account of the nature of the concession held by the Federal Company. [End paraphrase.]

HUGHES

893.74/246

The President of the Federal Telegraph Company (Schwerin) to the Acting Secretary of State

SAN FRANCISCO, *August 29, 1922.*
[Received August 31 (?)]

SIR: I have the honor to advise concerning the contract between the Chinese Government and the Federal Telegraph Company of California that the Federal Telegraph Company of California and the Radio Corporation of America have entered into an engagement to finance and construct the several radio stations in China through the formation of a new company called the Federal Telegraph Company of Delaware which will be owned and controlled by the Federal Telegraph Company of California and the Radio Corporation of America, jointly.

All the original conditions of the Chinese contract are to be fully performed by the Federal Telegraph Company of Delaware.

I submit herewith copies in duplicate,[18] numbers 1, 2 and 3, setting forth all the understandings between the Federal Telegraph Company of California and the Radio Corporation of America, with the earnest hope that the Department has no objection to the arrangements which have been tentatively made by the companies herein mentioned and that the Department will instruct the American Minister at Peking to extend to me all appropriate diplomatic support in my negotiations with the Chinese Government in obtaining the acceptance by that Government of the arrangements which I have made and which are set forth in the pamphlets herewith enclosed.

Very respectfully, R. P. SCHWERIN

893.74/246

The Acting Secretary of State to the Minister in China (Schurman)

No. 222 WASHINGTON, *September 7, 1922.*

SIR: Adverting to your telegrams Nos. 114 of March 24, 5 p.m. and 216 of May 12, 4 p.m. and the Department's replies, there is enclosed herewith a copy of a letter dated August 29, 1922, with its enclosures,[18] from Mr. R. P. Schwerin, President of the Federal Telegraph Company, relative to an engagement which has been entered into between the Federal Telegraph Company of California and the Radio Corporation of America for the financing and construction of the several radio stations in China authorized under the contract dated January 8, 1921, between the Federal Telegraph Company and the Chinese Government. There is also enclosed a copy

[18] Not printed.

of a letter [19] dated August 31 addressed to Mr. Schwerin, stating that the Department perceives no objection to the arrangements which have been tentatively entered into by the above named companies and advising him that the Department will instruct you to render him all appropriate diplomatic support in his negotiations with the Chinese Government in obtaining the acceptance by that Government of the arrangements which have been made and which are set forth in the pamphlets enclosed with the company's letter of August 29, 1922.

Mr. Schwerin has informed the Department that he intends to sail for China early in October for the purpose of conducting the negotiations above mentioned. On his arrival he will explain to you in detail the arrangements which have been made by the Federal Telegraph Company of California and the Radio Corporation of America, and the Department trusts that you will be in position to render him all proper diplomatic support in conducting his negotiations with the Chinese Government with a view to having the arrangements formally accepted by that Government.

The Department desires to emphasize the necessity of regarding the information contained in this instruction and in the pamphlets numbers 1, 2 and 3 herewith enclosed [19] as of a strictly confidential character pending Mr. Schwerin's arrival in Peking.

I am [etc.]

For the Acting Secretary of State:
LELAND HARRISON

893.74/253 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *November 28, 1922—4 p.m.*
[Received November 28—10:34 a.m.]

464. Department's despatch October 4th.[19] Japanese Minister has filed strong protest against Federal wireless contract.

Schwerin arrived here 26th. I have had two long conferences with him in which all aspects of matter were discussed and I have assured him that Legation will lend him all possible support.

SCHURMAN

893.74/253 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *November 29, 1922—5 p.m.*

279. Your 464, November 28, 4 P.M.

With whom and on what basis was protest filed?

HUGHES

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[19] Not printed.

893.74/255 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *December 4, 1922—5 p.m.*
[Received December 4—4:10 p.m.]

475. Department's 279 November 29, 5 p.m. Protest filed with Minister for Foreign Affairs and Minister of Communications on basis of monopolistic clause in supplementary letter to Mitsui wireless contract.[21]

SCHURMAN

793.94/1395 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *December 6, 1922—noon.*
[Received 12:50 p.m.]

479. Department's 283, December 4, 1 [7] p.m.[22] Article 12 of agreement [23] reads in translation as follows:

"The Government of China declares that upon expiration of the telegraph and cable monopoly granted to the foreign concerns it will discontinue the monopoly upon its own initiative and will not further grant any monopoly for the electrical transmission of messages to any government, company or individual."

SCHURMAN

893.74/255 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *December 28, 1922—4 p.m.*

299. With reference to the Legation's telegram number 475, dated December 4, you are authorized to send a note to the Chinese Minister for Foreign Affairs taking as a basis the Department's telegram dated February 23, 1 p.m., 1921, no. 75, which Tokyo repeated to you.[24]

In addition you may state that the American Government is of the opinion that the Mitsui Company's claim to exclusive rights is not in harmony with the general principles which inspired the deliberations of the Conference nor with the spirit of the Washington Treaty

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[21] See telegram no. 92, Feb. 18, 1921, from the Minister in China, *Foreign Relations*, 1921, vol. I, p. 416.

[22] Not printed.

[23] Agreement between China and Japan on detailed arrangements for the settlement of outstanding questions relative to Shantung, signed at Peking Dec. 1, 1922.

[24] See *Foreign Relations*, 1921, vol. I, p. 417 (footnote 21).

regarding the policies and principles to be followed in matters relating to China.

The Department will, in the near future, convey this view to the Japanese Government through the Japanese Chargé d'Affaires at Washington.

With regard to your telegram of December 6, 12 noon, 1922, no. 479, I shall also inform the Chargé d'Affaires of Japan in the following sense:

The American Government insists, setting aside any question of the validity of any individual definite concessions which may through contracts have been vested in non-Chinese companies by the Chinese Government, that no such express provisions made by the Government of China can be sufficient, for the benefit of these other companies, to dispossess Americans of their existing rights by treaty, viz., not to be "impeded in their business by monopolies or other injurious restrictions"; and, in regard to any purported cable or telegraph monopoly, that this Government reserves all its rights.

HUGHES

893.74/258 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *January 3, 1923—4 p.m.*

[Received 6:13 p.m.]

3. Your no. 299, December 28, 4 p.m. It is the opinion of Mr. Barnes Moss that he will have the situation well in hand with the new Cabinet and therefore that it would serve no good purpose to send a note of that kind at present. I shall not present the note before it seems necessary unless I am instructed otherwise. Have mailed to Tokyo a copy of this telegram.

SCHURMAN

893.74/258 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *January 5, 1923—4 p.m.*

6. Your telegram no. 3 of January 3, 4 p.m. Considering the statement by Mr. Barnes Moss, is it the feeling of the Legation that it still would be wise to make such a communication to the Japanese Chargé here as the Department indicated in its telegram of December 28, 4 p.m., no. 299?

HUGHES

893.74/260 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *January 7, 1923—4 p.m.*
[Received January 7—2:05 p.m.]

14. Your no. 6, January 5, 4 p.m. I am afraid that it might arouse the Japanese Government to protest further to the Chinese Government were the Department at this time to present a communication on the matter to the Japanese Chargé at Washington. Should conditions here take a bad turn making it necessary to present note to the Chinese Government I shall immediately notify the Department. In that case the Department can reconsider the matter.

A very optimistic view as to the chances of success with the new Cabinet is taken by Mr. Barnes Moss.

SCHURMAN

PROTECTION OF AMERICAN LIFE AND PROPERTY AGAINST BRIGANDAGE

493.11 Shelton, Dr. A. L. : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *March 4, 1922—7 p.m.*
[Received March 6—10 a.m.]

28. Following telegram has been received from consul [at] Chungking:

"Following telegram has been received from American missionary at Batang: 'Robbers killed Doctor A. L. Shelton [25] near Batang. I have asked local government to investigate at once. Department's registration number 16539.'"

Telegram dated 2d, signed Hardy [26] [apparent omission] left Yunnan Province states Doctor Shelton killed February 17th at Sasweisan. Have informed Foreign Office today requesting it to take immediately all possible measures to ascertain circumstances of this reported crime and to apprehend and bring to trial guilty parties. Shall reserve representations particularly on the basis of Department [*diplomatic corps'?*] note to Foreign Office of August 30th, 1921,[27] regarding possible failure of provincial authorities to

[25] American missionary of the Tibetan Christian Mission, Batang, Szechuan Province.
[26] Dr. William M. Hardy, colleague of Dr. Shelton.
[27] See despatch no. 45, Sept. 29, 1921, from the Minister in China, *Foreign Relations*, 1921, vol. I, p. 516.

afford proper protection to foreign residents until facts and delinquencies of local officials are more clearly ascertained. British consul, Yunnan; representative, Andersen, Meyer, Yunnan; and American consulate, Chungking, have been requested to furnish all possible assistance. Will keep Department advised.

SCHURMAN

493.11 Shelton, Dr. A. L.: Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *March 11, 1922—4 p.m.*
[Received March 14—10:07 a.m.]

96. Legation's 85, March 7, noon.[28] On 10th I again addressed Foreign Office stating receipt of confirmation of murder which now appeared indubitable. I renewed request use every effort apprehend and try guilty parties speediest possible manner, also requested in view of deep concern American Government I receive earliest possible statement of steps taken by Chinese Government.

SCHURMAN

493.11 Shelton, Dr. A. L.: Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *March 18, 1922—3 p.m.*
[Received March 20—12:20 p.m.]

110. Legation's 100, March 13, 6 p.m.[28] Foreign Office preliminary reply summarized:

"Commander in Chief military forces Szechuan and Szechuan frontier and commissioner report by telegraph as follows:

'Frontier region Szechuan disturbed; travel therein by foreigners has been suspended. These facts formerly communicated to foreign consuls Chengtu. Shelton desired proceed Chiangchia. Declined to follow advice of local authorities against the journey as he stated he was armed and was not apprehensive. District magistrate Paan Hsien sent four policemen with him.

After starting on journey February 15th native chieftain at Chiangchia sent word to him not to proceed. Shelton therefore started back 16th suddenly fiercely attacked by some scores native brigands with guns at Paimokou Valley. Escort returned attack but were wounded. [Garbled groups] few unable to resist. Shelton wounded back, abdomen, head. Military headquarters Paan Hsien sent escort soldiers, brought him there for medical attention, however, finally died 17th. Body encoffined with the help of missionaries there. Shelton in Batang many years. Relations with military and civilians most cordial friendship. Death cause of deep regret commiseration. Troops sent to locality to offer rewards and take most stringent measures apprehension of murderers for punishment.'

Foreign Office urging upon commissioner extreme importance of capturing punishing culprits and offering adequate protection to other foreigners there."

SCHURMAN

[28] Not printed.

893.00/4327

The Minister in China (Schurman) to the Consular Officers in China [30]

Circular No. 46 PEKING, *March 29, 1922.*

GENTLEMEN: The Legation has to transmit herewith for your information and guidance a copy of a note from the Ministry for Foreign Affairs, dated March 23, 1922, relative to the present dangers to the travel of foreigners in the border regions of Szechuan Province.

I am [etc.]

(For the Minister)
A. B. RUDDOCK

[Enclosure—Translation]

The Chinese Minister of Foreign Affairs (W. W. Yen) to the American Minister (Schurman)

[PEKING,] *March 23, 1922.*

SIR: I have the honor to inform you that a telegram has been received from the Commander-in-Chief of the Military Forces in Szechuan, General Liu Hsiang, to the following effect:

"On a previous occasion, owing to the numbers of brigands in the border regions of Szechuan, the office of the Commissioner for Foreign Affairs at Chengtu in December, 1919, addressed communications to the various foreign consuls in the province, informing them that the border regions of Szechuan province were not peaceful and that the travel of foreign persons in such regions was temporarily suspended. This is on record. At the present time the bandit activities in that region are still dangerous and foreigners traveling in Szechuan unavoidably incur danger. It is requested that the Minister for Foreign Affairs address a request to the foreign ministers in Peking, asking them to instruct their respective nationals temporarily not to proceed to the border regions of Szechuan in order that untoward incidents may be avoided."

I have the honor to observe that bandits are intermittently active on the borders of Szechuan and that although troops have been sent to subdue them, yet up to the present time peace has not been restored. Foreigners traveling in those regions, therefore, incur great danger and the request made by the Commander-in-Chief quoted above is based upon a sincere solicitude for the lives of foreign persons. His request is, moreover, in accordance with treaty provisions,

[30] Transmitted to the Department by the Minister in his despatch no. 517 of Apr. 3, received about May 2.

and I have the honor to convey it to your attention, Mr. Minister, with the request that you issue instructions to the missionaries and merchants of your country temporarily not to proceed to the regions in question in order that untoward incidents may be avoided.

Hoping that this may be done, I have the honor to convey my compliments.

SEAL OF THE MINISTRY FOR FOREIGN AFFAIRS

893.00/4590

The Minister in China (Schurman) to the Chinese Minister of Foreign Affairs (W. W. Yen)[31]

No. 192 PEKING, *June 17, 1922.*

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of March 23rd, 1922, in which I was requested to issue instructions to missionaries and merchants of the United States temporarily not to proceed to the regions on the borders of Szechuan, since bandits are intermittently active therein, the object of this measure being the avoidance of untoward incidents.

In reply I have the honor to inform Your Excellency that there are some fourteen American missionaries resident at Batang and about eight at Tachienlu. These missionaries are residing at these places in accordance with rights conferred by treaty. They have, moreover, in the prosecution of their missionary work, invested considerable sums of money in buildings and land. It is impossible for the Legation summarily to instruct them to abandon their work and the property of their missionary societies, and I must therefore insist that the authorities of the region assume full responsibility for the protection of the American lives and property involved. While I shall urge upon my nationals residing at Batang and Tachienlu the taking of all possible precautions under the circumstances, I am unable to admit that the simple assertion of the authorities that the borders of Szechuan are unsafe and their request that Americans be instructed not to proceed thither, in any way lessens the responsibility of the officials concerned to afford to American citizens the protection that is guaranteed by treaty.

I avail myself [etc.] JACOB GOULD SCHURMAN

[31] Transmitted to the Department by the Minister in his despatch no. 764 of June 29, received Aug. 9.

893.00/4590

The Chinese Minister of Foreign Affairs (W. W. Yen) to the Minister in China (Schurman)[32]

[Translation]

No. 189 [PEKING,] *June 21, 1922.*

EXCELLENCY: The receipt is acknowledged of your note (No. 192) dated June 17, stating that at present there are some fourteen American missionaries residing at Batang and about eight at Tachienlu. These missionaries are residing there in accordance with rights conferred by treaty to prosecute their missionary work, and it is not possible for your Legation to summarily instruct them to abandon their work and the property of their missionary societies because of the fact that the Chinese authorities have declared that the Szechuan border is unsafe for travel to foreigners.

This Ministry has to observe that the Szechuan border is unsafe and the purpose of discontinuing the issuance of passports to travel there was made with the idea of protecting lives and property of foreigners. As regards those missionaries who already reside there it is, of course, necessary that the local authorities should exert their utmost efforts to protect them according to treaty.

In addition to despatching another telegram giving instructions in the above sense, I have the honor to send you this reply for your information.

With compliments.

SEAL OF THE MINISTRY FOR FOREIGN AFFAIRS

393.1111—Lundeen, Anton : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *October 17, 1922—4 p.m.*
[Received October 17—10:43 a.m.]

420. American citizen, Anton Lundeen of Newman Grove, Nebraska, member of Augustana Synod Mission, reported captured by [brigands] at Juchow, Honan, October 13, following looting of mission station there. Other American missions reported safe. Representations have been made to the Minister for Foreign Affairs by the Legation and to provisional [*provincial?*] authorities Honan and Hupeh by the consul general, Hankow.

SCHURMAN

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[32] Transmitted to the Department by the Minister in his despatch no. 764 of June 29, received Aug. 9.

393.1111—Lundeen, Anton: Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *November 4, 1922—2 p.m.*
[Received November 4—9:50 a.m.]

436. My 420, September [*October*] 17, 4 p.m. and 434, November 1, 10 [*11*] a.m.[33] October 26th and 27th talked several hours with American wife of missionary Forsberg,[34] former resident of the United States, captured with Lundeen, his fellow worker. I also read letters of two missionaries to their wives up to September 18th. Following facts established:

Captors not ordinary robbers as they took no money and little of other property though money was in sight. Believed to be former soldiers probably of late Honan Tuchun Chosti [*Chao T'i?*,] their object being to make trouble for Wu Pei-fu. They demand as condition of releasing missionaries, recognition of their band as unit of National Army.

Missionaries report area traveled overrun by robbers and villages deserted. Captors treat them as well as conditions permit, deliver to them food regularly sent by wives who will also send warm clothes. Missionaries also preach gospel to captors and appreciate opportunity.

Wives apprehensive of prolonged captivity and in case of fighting exposure at the front.

Had full and frank conference on the subject with General Wu October 28th and Christian General Feng 29th. They confirm Mrs. Forsberg's diagnosis situation. Both were hopeful early release. Unfortunately Presidential mandate 31st appointed Feng Inspector General Army with command of metropolitan forces. His successor, General Chang Fu-lai, not Christian. However, General Wu retains supreme command in Honan, capture took place only 60 miles from his headquarters and he is sincerely interested in release.

Wu told me he expected release through negotiations and in a short time. Peking Government had, contrary to his views, consented to incorporating captors as a unit in National Army. He had finally acquiesced provided that they were sent out of Honan. Feng also predicted release shortly through influence of leaders he had captured.

I have no doubt both generals are perfectly sincere, but I am not sure of their power to accomplish speedy release. Wu September 18th promised French officer, so French Minister told me yesterday, that in one month the two French engineers on Lung-Hai Railway captured August 15th would be released but they are still held.

[33] Latter not printed.
[34] The Rev. C. O. Forsberg, a Swedish missionary.

Furthermore, British missionary in Honan carried off October 30th. Seizure of foreigners by brigands or insurgents as pawns in the contests of rival political and military groups is a new development in China and it is impossible to foresee to what lengths the insurgents may go. However, it is to the interest of the captors to keep the missionaries alive. I will watch closely. Possibly Feng's coming to Peking may be helpful.

SCHURMAN

393.1111—Lundeen, Anton : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *November 16, 1922—4 p.m.*
[Received November 16—11 : 50 a.m.]

449. My 436, November 4, 2 p.m. My British, French, Italian and Swedish colleagues and I called on Minister for Foreign Affairs today and presented a joint note [35] protesting in strong terms against the kidnaping and continued detention by brigands in Honan of the nationals of our respective countries. We pointed out that the failure of the Chinese Government to carry out its obligation to afford protection to foreigners in Honan and the continued detention of our nationals in captivity must inevitably awaken grave doubt regarding either the will or the ability of the Chinese Government to discharge its primary and fundamental international obligation and we demanded that measures be taken to secure the immediate release in safety and the return to their homes of the individuals now held in captivity.

In presenting this note my colleagues and I emphasized the seriousness of the situation and stated that unless some definite results were [apparent omission] within a certain time we might see fit to publish the notes. Koo said that every effort was being made to secure the release of the prisoners and added that according to a message from Wu Pei-fu received today reenforcements have been sent against the bandits who are holding some foreigners including Lundeen and Forsberg.

According to reports from Hankow Borg-Breen, a missionary at Loshan, Honan, and his son, American citizens, have been captured by bandits.

SCHURMAN

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[35] Not printed.

393.1111—Lundeen, Anton : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *November 24, 1922—6 p.m.*

275. Your 449, November 16, 4 P.M. Department approves your action and awaits with concern result of efforts now being made to obtain release of American citizens.

HUGHES

393.1111—Lundeen, Anton : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *November 29, 1922—4 p.m.*
[Received November 29—8:36 a.m.]

466. Diplomatic body met to-day. I called attention to kidnaping of foreigners in Honan and asked for appointment of an international commission to investigate conditions in that Province and take such steps as they might deem expedient. Diplomatic body voted this and requested Hankow consular body to select delegation to meet commission in Chengchow December 8th. Also authorized telegram to Wu Pei-fu demanding liberation foreigners in captivity.

Diplomatic body also voted to publish the joint protest made to the Chinese Government by the representatives of America, England, France, Italy and Sweden on November 16th (see my telegram of November 16, 5 [4] p.m., 449).

SCHURMAN

393.00/8 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *December 6, 1922—4 p.m.*
[Received 5:25 p.m.]

480. My telegram 466, November 29, 4 p.m. International commission consists of American and British military attachés and French, Italian and Japanese, Chinese secretaries, Cheney [36] president by seniority.

General Wu Pei-fu replied to commission's telegram [37] expressing regrets at his failure to effect release captured foreigners, alleging progress and suggesting on that account "coming of commission might perhaps be deferred." Foreign Office covering note 4th and unperfected treaty representations press same suggestion.

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[36] Col. Sherwood A. Cheney, American military attaché at Peking.
[37] Neither telegram printed.

Diplomatic body met to-day to consider matter. All approved postponing commission's departure from 7th to 14th. I suggested our resolution should state such action taken not only at request of Wu and Foreign Office but also in view of announcement new Cabinet December 10 and this was adopted.

From absolutely reliable sources we learn Wu was very angry at publication diplomatic body's telegram [38] holding him jointly responsible for continued captivity of foreigners and denounced Foreign Office for sending it to him integrally instead of in abstract.

SCHURMAN

393.00/10 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *December 9, 1922—2 p.m.*
[Received December 9—1:35 p.m.]

486. My telegram number 480 December 6, 4 p.m. Superintendent Trued,[39] Hsuchow Mission, writes Forsberg released 5th, returned 6th and " Forsberg thinks Lundeen and the other foreigners will soon be released," as Government troops now pressing robbers hard.[40]

Diplomatic body met today. Foreign Office requested further postponement departure international commission. Request unanimously denied.

SCHURMAN

393.00/11 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *December 16, 1922—3 p.m.*
[Received December 16—10:26 a.m.]

497. My 480, December 6, 4 p.m. In spite of release accomplished or promised of all foreigners, diplomatic body refused to dissolve international commission, simply notifying Foreign Office that commission would not leave for Honan at date arranged and adding that diplomatic body still viewed " with great anxiety and concern the continued danger to their nationals residing in Honan " and expressing hope " that there will be no relaxation in the efforts of the Chinese authorities to return the Province to a state of peace and security."

Note in full published to-day.[38]

SCHURMAN

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[38] Not printed.
[39] The Rev. Alfred E. Trued, American missionary, Augustana Synod Mission.
[40] The Rev. Anton Lundeen was released Dec. 8, and the Rev. Einar Borg-Breen and son Dec. 10. Other foreigners held were also released.

CONSTITUTION OF THE AMERICAN FORCES IN CHINA INTO A SEPARATE COMMAND, HAVING SPECIAL RELATIONS TO THE AMERICAN MINISTER IN CHINA

124.9318/95

The Secretary of War (Weeks) to the Secretary of State

WPD 938 WASHINGTON, *October 21, 1922.*

MY DEAR MR. SECRETARY: With reference to the status of the troops of the Army serving in China under the final Protocol for the settlement of the disturbances of 1900, dated September 7, 1901,[41] and which have heretofore been attached to the Philippine Department, I take pleasure in advising you that after the most careful consideration it has been decided to constitute these troops into a separate command, reporting directly to the War Department, and to be known as the American Forces in China. The desirability of the action indicated above is suggested by the special mission with which this force is charged, its peculiar relation to the State Department, as represented by the American Minister in China, and its distance from the Philippine Islands.

There are enclosed herewith for your information, copies of War Department orders[42] creating the new command and assigning Brigadier General William D. Connor to command the American Forces in China. There is also enclosed an extract copy of a secret letter of instructions which has been furnished General Connor and in which the mission of his command is clearly outlined.

It is believed that the organization of this command on the above basis, with a clearly defined mission, will be in the interest of increased efficiency and will insure a more effective cooperation with the aims of the State Department and its representatives in China than has existed in the past. If the instructions contained in the above-mentioned enclosures meet with your approval, it is suggested that copies thereof be furnished the American Minister in China.

Sincerely yours,

JOHN W. WEEKS

[Enclosure]

Extract from War Department Instructions to the Commander of the American Forces in China (Connor)

With reference to the duties imposed upon you by General Orders, No. —, War Department, Current Series, you are further advised as follows:

1. Based on the authorization contained in the "Final Protocol for the Settlement of the Disturbances of 1900—September 7, 1901", the military mission of the American Forces in China is:

[41] *Foreign Relations*, 1901, app. (Affairs in China), p. 312.
[42] Not printed.

(*a*) In conjunction with the forces of the other powers, parties to the Protocol, to maintain open communication between the capital and the sea, that is, along the railroad from Peking to Shan-hai-kuan, as specified in the Protocol.

(*b*) To assist in the defense of the legation quarter at Peking when called upon to do so by the United States Minister.

2. The reason for establishing this force in China with the mission above described, is to maintain national prestige and to support the policy of the United States in the Far East. It is therefore incumbent on the Commander of this force to establish the most cordial relations with the American Legation and to cooperate with the aims and policies of the American Minister. He should work in close cooperation with the naval forces in China or in Chinese waters and should make definite arrangements with the Commander-in-Chief of the Asiatic Fleet for joint action in case of trouble involving the employment of American Forces.

124.9318/95

The Secretary of State to the Secretary of War (Weeks)

WASHINGTON, *November 8, 1922.*

MY DEAR MR. SECRETARY: I beg to acknowledge the receipt of your letter (WPD 938) of October 21, in which you advise me of the decision to constitute into a separate command the troops of the army serving in China under the designation of the "American Forces in China", inform me of the appointment of General William D. Connor to command these forces, and enclose for my information certain instructions issued in this regard.

I have noted with particular pleasure your intention and hope that the new organization of this command, and the instructions which you have taken occasion in this connection to furnish to General Connor will assure a more effective cooperation with the aims of the Department of State and of its representative in China than has existed in the past.

Let me for my own part assure you of the earnest desire of this Department and of the Legation at Peking to do the utmost to bring about and to maintain the desired harmony of cooperation between the diplomatic representation of this Government in China, and the military forces stationed in that country for the purpose of keeping open the means of communication between the foreign legations and the sea, in accordance with the Protocol of 1901. And, as I need scarcely inform you, I am prepared to assume confidently and wholeheartedly a corresponding readiness upon the part of your Department and of the commander of its forces in China, now and hereafter, to cooperate in the utmost harmony with the chief of the American diplomatic mission in China.

The fact remains, however, that the maintenance of American armed forces in China, however necessary and warranted by Treaty provisions, constitutes in itself an anomalous situation that cannot but present frequent occasions for possible divergence of views as to the duties and obligations of those forces, and as to their freedom of military action, in their external relations with the Government and people of the friendly nation within whose territories they are stationed, and with the military authorities of other countries cooperating in the safe-guarding of the foreign Legations. And the responsibility devolving upon the civil representative of this Government in China is, in this anomalous situation, the more onerous by reason of the fact that the American military forces are maintained in China solely for the purpose of assuring the safety of the diplomatic mission at Peking, and in their relations with the Chinese Government and with the foreign authorities in China are deemed to have no existence as a separate establishment but solely as an organization ancillary to the Legation. It is, therefore, the Legation which, in all matters external to the administration of the military forces, is answerable for their action.

Such being the responsibility of the diplomatic representative, I am confident that you will not misconstrue or fail to sympathize with my very earnest solicitude that there should be on this subject an understanding definite enough to obviate any possibility of dualism in the policy directing the activities of these forces. I am quite aware of the difficulties of attempting to formulate a general rule of discrimination between the military responsibilities devolving upon the commander, with respect to the internal administration of his forces and their employment in military operations, and the political responsibilities of the diplomatic representative, with respect to the external relations of those forces. But without seeking to make too theoretical a distinction between these several responsibilities, I feel that it should be possible to reach a practical understanding which, without assuming for the diplomatic representative any measure of authority in purely military matters, would make it possible for him not only to be consulted but to speak with the requisite degree of authority in matters involving his political responsibility.

A most satisfactory precedent for such a practical understanding exists in the case of the American Legation Guard, a detachment of the Marine Corps stationed at Peking for the immediate protection of the Legation. The commandant of this detachment is under standing orders, dated May 2, 1906, of which the following is the relevant portion:

"The commander of the Legation Guard at Peking is expected to preserve the most cordial relations with the American Minister and extend to him the honors, salutes and other official courtesies to which

he is entitled by the Navy Regulations. The commander of the guard should carefully and duly consider any request for service, or other communication, received from the Minister, it being understood that the most earnest and hearty cooperation between the American Minister and the commander of the guard is essential to the proper performance of the duty imposed upon the guard. It should further be understood that, although due weight should be given to the opinions and advice of the Minister, the commanding officer of the guard is solely and entirely responsible to the Commander-in-Chief and to the Commandant of the Marine Corps for all official acts in the administration of his command."

During June, 1907, the Commandant of the Marine Corps had occasion to interpret these orders in an instruction to the commander of the Guard, in which occurs the following paragraph:

"While the Minister can not exercise any military control over the Guard, as expressly stated in the letter of instructions approved by the Department, this restriction should be broadly construed, and the request of the Minister to the commander of the Guard should be declined for only the most cogent military reasons. In other words, while the Minister can only express a desire and request, said desire and request should, when practicable, have for the commander of the guard similar force as though it were an order."

The practical value of the understanding thus established and interpreted has been so amply demonstrated by the intervening fifteen years of notably cordial and satisfactory cooperation between that Marine detachment and the Legation, that I venture to commend it to you as a basis for such cooperation as we are seeking to establish and maintain as between the Legation and the Infantry contingent. I trust that you may find it possible to lay down for the guidance of the commander of the newly organized American Forces in China a like rule of the tenor that the commander should, to the utmost extent compatible with his purely military responsibilities, be guided by the advice and the wishes of the principal American diplomatic representative at Peking.

There is one other point suggested by your letter of instructions to the commander of the American Forces in China, upon which I venture to comment, not by reason of any apprehension of a divergence of views between us, but as a precaution against the possibility of misinterpretation on the part of some commander who might in future be assigned under circumstances affording him no opportunity to acquaint himself adequately with your views. I have reference to the statement that the reason for establishing these forces in China is "to maintain national prestige and to support the policy of the United States in the Far East." The phrase "national prestige" is one which, particularly in a country whose political development is so imperfect as that of China, is susceptible of such various con-

notations that it would seem prudent to dispose of any interpretations which might in fact be incompatible with the policy of this Government in China. I have no doubt of your full understanding and sympathy with the view that it is no part of this Government's purpose to impress upon the Chinese Government or people the military power or prestige of this country, or to enter into rivalry with such other countries as may deem it to their interest to make such a display of military power. I take it for granted that in referring to the maintenance of national prestige, in this connection, you had it in mind only that the newly organized American Forces in China should uphold the high traditions and standards of conduct which have generally characterized American forces on foreign service.

Permit me, in conclusion, to acknowledge my appreciation of your helpfulness in this matter, and to convey through you to General Connor my cordial hopes for his success in the administration of his new command.

Sincerely yours,

CHARLES E. HUGHES

124.9318/97

The Secretary of War (Weeks) to the Secretary of State

WASHINGTON, *November 21, 1922.*

MY DEAR MR. SECRETARY: I desire to acknowledge the receipt of your letter of November 8, 1922, in which you express your views regarding the instructions given to govern the Commanding General, American Forces in China, in the exercise of his command and in his relations with the representative of the Department of State resident in Peking.

May I, first, thank you for the deep interest you evidence in the success of the American Army force entrusted with its share of the important duty of keeping open the communications from Peking to the sea. Your views as to the duties of this force and the relations the commander thereof must maintain with the Legation are so in accord with my own, and so clearly expressed, that I am taking the liberty to transmit a copy of your letter in toto to General Connor for his further guidance, as indicated in the enclosure hereto.[43] I shall also personally interview General Connor before his departure from the United States and shall at that time take occasion to convey to him the expression of your cordial hopes for his success in China.

I presume, of course, you realize that the main consideration which influenced me in my decision to establish the force in China as a

[43] Not printed.

separate command, functioning directly under the War Department, was to make sure, not only that the relations of the Army Commander with your representative on the ground in China should be proper, but that the direct control established would permit me, at all times and with promptness and certitude, to convey to the commander the reaction of your department on the conduct of the military force. And I trust and beg that you will continue, on suitable occasion, to frankly inform me of your valuable views on such conduct.

Please permit me, Mr. Secretary, in closing, to again express to you my sincere thanks for your helpfulness and cooperation in this important matter, and my trust and hope that the instructions given will insure, on the part of the Army in China, that satisfactory and close cooperation I so earnestly desire.

Sincerely yours,

JOHN W. WEEKS

TERMINATION OF INTER-ALLIED SUPERVISION OVER THE CHINESE EASTERN RAILWAY, OCTOBER 31, 1922, AFTER CHINA'S REJECTION OF PROPOSALS FOR ITS CONTINUATION [44]

861.77/2364a : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *December 24, 1921—3 p.m.*

340. Your 457, December 21, 4 p.m.[45]

If favorable opportunity presents for formal and confidential talk with Chang Tso-lin [46] please take up Chinese Eastern Railway situation with him along following lines:

The interest of the United States is to maintain the railway as a free avenue of commerce. . . . If the railway were confided to China at this time as a trustee for Russia, financial control by Japan would certainly ensue probably through the purchase by the South Manchuria Railway of the new issue of bonds which would be necessary. Compare last paragraph of enclosure with Peking despatch No. 1430, July 27, 1921, Legation file No. 877.[47] Under existing circumstances and until the situation in China is more stable the railway can be secured against national aggression only by instituting a temporary international conservancy the purpose of which would be to preserve the integrity of the railway and existing rights therein and return it as soon as practicable to those in interest.

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[44] For previous correspondence concerning the operation of the Chinese Eastern Railway, see *Foreign Relations*, 1921, vol. I, p. 564.

[45] *Ibid.*, p. 322.

[46] Tuchun of Fengtien; Inspector-General of the Three Eastern Provinces.

[47] Not printed.

There are three phases of the problem, namely, finance, operation and police. The special dangers lurking in the first have just been suggested. To avoid these needed funds must be drawn from several national sources and their expenditure during the period of temporary conservancy controlled by a board of conservators or body representing the national interests which have furnished the money.

Second. Operation, if so desired by the Chinese and Russians, may be confided to the board of directors and existing staff subject only to the general control of the conservancy in matters of finance.

Third. Policing of the railway zone such as will assure the integrity of the railway property and general security of life and property is of fundamental importance. To placate Chinese susceptibilities policing may be confided to a special Chinese gendarmery but these [*this*] gendarmery would have to be paid (and thereby controlled) by the conservancy.

I have the foregoing only tentatively in mind as a possible solution. Chinese delegates at Washington in informal preliminary talks oppose any form of international control as inacceptable to Peking but it has occurred to me that . . . Chang might lend his support to a plan which like the foregoing would save China's face in the matter of police and would secure China's rights and interests as well as those of Russia and of powers such as the United States which seek only equal commercial opportunity in the region which the railway serves.

For a number of reasons it would be imperative that conservancy project be put forward not as a new measure but as a continuance in modified form of the existing supervision. Either the Inter-Allied Committee at Vladivostok or the Technical Board could be discontinued as unnecessary duplication and the one retained installed at Harbin under any desirable name as the board of conservators above described.

HUGHES

861.77/2397

The Minister in China (Schurman) to the Secretary of State

No. 281 PEKING, *December 27, 1921.*
[Received January 27, 1922.]

SIR: I have the honor to refer to my telegram No. 458, of December 22, 1921, 4 p. m.,[48] relative to a protest addressed to me by Mr. Paikes on the Chinese Eastern Railway, and to forward herewith the text of his letter with enclosure.

I have [etc.] JACOB GOULD SCHURMAN

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[48] Not printed.

[Enclosure—Translation]

The Soviet Delegate in China (Paikes) to the American Minister in China (Schurman)

No. 173 *December 21, 1921.*

MR. MINISTER: I have the honor, in accordance with instructions received from my Government, to transmit to Your Excellency the note attached concerning the question of the Chinese Eastern Railway, by which the solution of this question is placed under the exclusive jurisdiction of China and Russia.

A. PAIKES

[Subenclosure—Translation]

The Soviet Commissar for Foreign Affairs (Chicherin) to the Secretary of State

December 8, 1921.

MR. MINISTER: Referring to its protest expressed in circular notes of July 19 [49] and December [*November*] 2 [50] against the convocation without the participation of Russia of a conference having to deal with questions directly concerning the Russian people, the Russian Government feels obliged to issue another special protest against any discussion by the conference at Washington of the Chinese Eastern Railway, which question concerns Russia and China alone. The Russian Government has declared itself ready to return the railroad in question to the control of the Chinese authorities upon the acceptance by China of certain indispensable guarantees. This transference, however, has not yet taken place and Russian rights on the railway remain intact. As soon as a satisfactory settlement of this question shall have been reached between the Russian delegation charged with this task and the Chinese Government the transference of the rights of Russia which shall be agreed upon by this understanding will be put in force, but before such a time Russian rights will remain intact as formerly.

The Russian Government feels obliged therefore to protest against any decision which may be reached by the Conference at Washington to the detriment of Russian rights. It declares that it cannot recognise any infraction of the rights of the Russian workingmen which may be adopted without the knowledge of the government which represents his will, which government reserves full liberty of action to maintain these rights by whatever method or means it may judge opportune and propitious.

Please accept [etc.] TCHITCHERINE

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[49] See despatch no. 2145, July 22, 1921, from the Chargé in Sweden, *Foreign Relations*, 1921, vol. I, p. 40.

[50] See despatch no. 543, Nov. 9, 1921, from the High Commissioner at Constantinople, *ibid.*, p. 85.

861.77/2361 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *December 27, 1921—6 p.m.*
[Received December 27—12:32 p.m.]

469. My 458, December 22, 4 p.m.[51] Paikes in newspaper interview states:

"Soviet Russia is ready to abide by all of her public declarations regarding the return of this line to China and it is my mission in Peking to negotiate for the restoration of the line to the Chinese Government and people absolutely free of any financial and economic charges. In return Soviet Russia expects China to give an adequate guarantee that the railway will not be turned over wholly or in part to any third powers."

Other conditions presumably political alluded to but unrevealed. Paikes added that Chita and Moscow in agreement on those.

SCHURMAN

861.77/2361 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *December 31, 1921—5 p.m.*

343. Your 469, December 27, 6 p.m., and Department's 340, December 24, 3 p.m. Take suitable occasion to impress upon Chinese officials the questionable validity of any agreements on the subject concluded with the Soviet Government, the impossibility of obtaining the assent of Powers to any attempt to nullify the 1896 treaty, and other complications which would be likely to ensue with Powers having an interest in the Chinese Eastern Railway and later with a rehabilitated Russia.

HUGHES

861.77/2370 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *January 1, 1922—midnight.*
[Received January 2—9:47 a.m.]

2. Reference your no. 340 of December 24, 3 p.m. I had a long visit from Chang Tso-lin yesterday afternoon during which time I found suitable occasion to talk about the Chinese Eastern. I pointed out to Chang . . . the favorable position for China with the integrity of the railway and rights of the interested parties conserved by means

[51] Not printed.

of a temporary international guardianship such as might be undertaken by the Inter-Allied Technical Board. This suggestion was not well received by Chang. He observed that it was not for him but for the Government to handle the subject and later said that fear of American predominance in the Chinese Eastern aroused the apprehension of the Japanese.

The general prejudice of the Chinese against any proposal for international control is clearly shared by Chang Tso-lin. I find that various Chinese official circles entertain this sentiment very strongly. This is true of the Prime Minister and of the Minister of Communications.

It is evident, however, that the cultivation of American interest in Manchuria is considered by Chang as desirable.

SCHURMAN

861.77/2377 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *January 7, 1922—11 a.m.*

[Received 2:15 p.m.]

8. Department's telegram no. 343 of December 31, 8 [*5*] p.m. The day before yesterday I had an interview with the Minister for Foreign Affairs. In carrying out the instructions given by the Department I emphasized the dangers and complications to which these dealings with the Russian Soviet Government would expose China.

The Minister informed me that no negotiations had taken place as yet. He stated, however, that the Chinese Government's position should be understood. The Government preferred that the Chinese Eastern should be made a state railway by China. If that could not be done the Chinese Government wished the present status to be maintained. The Minister said that the Chinese people were unanimous in their opposition to international control and that in no case was such control desired by the Government. He did not see why the Washington Conference should consider the Chinese Eastern Railway, particularly as the Conference has no Russian representation.

I told the Minister that the railway would need money to rehabilitate itself financially. His reply was that they expected to raise money by floating railway bonds in the international market and that this could be done independently of the consortium. . . . He added that a rehabilitated Russia would have no cause of complaint against China for the reason that China's action in the matter would be just and also because, in contrast to the popular idea, the

Soviet diplomats were such suspicious and keen negotiators that no advantage could be gained over them.

A new Director General has been appointed for the Chinese Eastern. He is Wang Nai-pin, Chang Tso-lin's representative in the last Cabinet. In his letter of resignation, as reported in the newspapers yesterday morning, the retiring Director General described the present condition of the railway, financial and otherwise, as deplorable and said that the situation demanded an effective reorganization. He predicted that as a result of the Washington Conference the railway will be placed under joint foreign control unless attention is given to this matter.

SCHURMAN

861.77/2377 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *January 10, 1922—7 p.m.*

3. Your no. 8 of January 7, 11 a.m. See the Minister for Foreign Affairs, . . . talk with him along the lines indicated in our instructions of December 24, 1921, 3 p.m., and lay before him the plan outlined in that telegram. Present the plan merely as a suggestion, however, so as to avoid the possibility that he will immediately unconditionally reject it.

HUGHES

861.77/2382 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *January 17, 1922—1 p.m.*
[Received 1:45 p.m.]

7. My telegram no. 413 of December 9, 6 [*1*] p.m.[52] Following from Caldwell[53] under date of January 14, 8 p.m.:

I am told by the Minister for Foreign Affairs that Far Eastern Republic agent at Washington has informed him regarding Stevens'[54] plan for the Chinese Eastern Railway in which management by an Inter-Allied Committee is provided. The Minister is of the opinion that this constitutes no improvement on the present status and that for reasons he has previously given, see my 10,

[52] *Foreign Relations*, 1921, vol. I, p. 612.
[53] John K. Caldwell, Japanese secretary of Embassy at Tokyo, on detail at Chita.
[54] John F. Stevens, president of the Technical Board.

December 7, 9 a.m.[*p.m.*],[55] the Russian Governments at Chita and Moscow will not accept it. The Minister takes it for granted that an Inter-Allied guard would be too largely Japanese, as American troops would not be sent. He assumes also that in selecting members for any Russian guard those chosen would be opposed to the Chita Government and would be too pro-Japanese. He considers that in its fundamental purpose the Stevens plan is not at variance with that which is now being discussed between the Chinese Government and the Soviet representative, and he is sorry that the proponents of the two plans are opposing each other instead of cooperating. The only satisfactory plan in his opinion is to have complete control and administration vested in Soviet Russia and China, the railway to be guarded by troops which these countries approve. The Minister thinks that the best way to obtain the results desired from the Stevens plan is for the American Government to aid in the efforts of the Chita and Moscow Governments.

WARREN

861.77/2390 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *January 19, 1922—4 p.m.*

7. Department's telegram no. 340 of December 24, 1921, 3 p.m. Confidentially inform the British Minister regarding tentative plan outlined in that telegram for the temporary conservation of the Chinese Eastern. Secure from him such cooperation as you may think best for the purpose of winning for the plan its acceptance by the leaders in the present Chinese Government. Important concessions to China are embodied in the proposal outlined which under the circumstances in the opinion of the Department represents an arrangement as favorable as China reasonably can expect. The Department is informing the British delegation here regarding the plan and it is expected that in due course your British colleague will receive instructions.

HUGHES

861.77/2382 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *January 19, 1922—6 p.m.*

4. Your 7, January 17, 1 p.m.

Inform Caldwell that the Department has not in mind any measures with respect to the Chinese Eastern Railway which would involve the maintenance of foreign or Russian troops in the concession zone.

HUGHES

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[55] See telegram no. 413, Dec. 9, 1921, from the Ambassador in Japan, *Foreign Relations*, 1921, vol. I, p. 612.

861.77/2394 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *January 22, 1922—2 p.m.*
[Received January 25—10:53 a.m.]

21. I have called on the Minister for Foreign Affairs and carried out the instruction given in your telegram no. 3 of January 10, 7 p.m. He wished to know the details. I informed him that my suggestion was merely a tentative outline plan to keep any one foreign power from gaining control of the Chinese Eastern Railway. He said he would confer with the Minister of Communications regarding the proposal.

Yesterday I repeated our views to the newly appointed Vice President of the Chinese Eastern, Mr. C. C. Wang, who spent an hour with me. Mr. Wang said that it was his opinion that the railway can go along without borrowing heavily but that in case a large loan was necessary he was in favor of making it international and subject to audit. He was personally in favor of keeping the present status with regard to the railway. He realized that the arrangement must be such as to satisfy a rehabilitated Russia and did not believe there would be any agreement made with Soviet Russia on paper money questions. Wang expects to leave in 10 days for Harbin.

SCHURMAN

861.77/2404 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *February 2, 1922—3 p.m.*
[Received 9:18 p.m.]

37. Department's telegram no. 7, January 19, 4 p.m. I conferred immediately with my British colleague. At that time he had not received his instructions. Later we conferred several times. The instructions he received described in general terms the plan suggested by the Department and did not express approval. The Minister was asked to give his views on it. He replied to his Government that he favored merely changing the existing arrangement by giving the Technical Board somewhat greater powers. The British Government has not as yet answered his telegram. . . .

SCHURMAN

861.77/2408a : Telegram

The Secretary of State to the Minister in China (Schurman)[56]

WASHINGTON, *February 3, 1922—7 p.m.*

22. Repeat to Vladivostok and have Harbin furnish to Caldwell at Chita by most expeditious, practicable means, wireless statement concerning Conference deliberations on Chinese Eastern Railway.[57]

These deliberations revealed unanimity among Powers other than China as to immediate need for more adequate protection of railway and impracticability of obtaining financial support without effective financial control assuring economical operation of the railway. Chinese delegates did not seriously oppose these views in private discussions but insisted upon necessity of vindicating Chinese sovereignty and placating Chinese public opinion. With more time possibly a solution would have been found but it is felt that in any case a good deal has been accomplished, first, in securing general recognition of the continuance in effect of the 1919 Agreement, second, in preparing way for any necessary amendment of this Agreement through diplomatic exchanges, and third, in directing attention to China's shortcomings with respect to the railway and serving notice on the Chinese Government that it will be held responsible internationally under the trusteeship which it took upon itself by reorganizing the management of the railway under the terms of the purported contract of October 2, 1920,[58] and by other acts.

The Department is pointing out informally to the Chinese delegates here, and you should do the same within your discretion at Peking, that the present is a most opportune moment for the Chinese Government to make, spontaneously and without diplomatic pressure, a manifest and sincere effort to provide more adequate protection for the railway and its personnel and to improve the situation of the Russian population of the zone especially in respect to the administration of justice. A practical and effective course would be for China to organize a special police or constabulary for the railway zone under the command of a competent neutral foreigner such as Munthe.[59] The Chinese Government might also be well advised to take the initiative in the diplomatic interchanges which will ensue as a result of the Conference resolution by requesting at once cooperation by the other Powers parties or adherents to the 1919 Agreement in maintaining the railway. China would greatly strengthen thereby its position in the matter of future reclamations by Russia and other

[56] See last paragraph for instructions to advise Tokyo.
[57] *Infra.*
[58] For text of agreement, see *Foreign Relations*, 1920, vol. I, p. 713.
[59] Apparently Lt. Gen. Johan Wilhelm Normann Munthe, commandant, Chinese Legation Guard at Peking.

stockholders, bondholders and creditors of the railway. These claims may run into many millions.

You may in your discretion discuss the foregoing with your British colleague and enlist his cooperation.

Advise Tokyo of foregoing confidentially by mail.

HUGHES

500.A 491/15b : Telegram

The Secretary of State to the Ambassador in Japan (Warren), the Minister in China (Schurman), and the Consul General at Shanghai (Cunningham)

WASHINGTON, *February 3, 1922—7:08 p.m.*

Conference. At 30th meeting of Committee on Pacific and Far Eastern Questions, February 2, Mr. Root, Chairman of Sub-Committee of delegates on Chinese Eastern Railway, reported following resolution which was adopted:

"*Resolved*, That the preservation of the Chinese Eastern Railway for those in interest requires that better protection be given to the Railway and the persons engaged in its operation and use; a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property.

"That the subject should immediately be dealt with through the proper Diplomatic channels."

and following reservation which was adopted by Powers other than China.[80]

"The Powers other than China in agreeing to the resolution regarding the Chinese Eastern Railway, reserve the right to insist hereafter upon the responsibility of China for performance or non-performance of the obligations towards the foreign stockholders, bondholders and creditors of the Chinese Eastern Railway Company which the Powers deem to result from the contracts under which the railroad was built and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese government over the possession and administration of the railroad."

Mr. Root referred to report of an earlier Sub-Committee of technical advisers which stated conclusions first that funds would be obtainable for railway only if suitable conditions were established for its economical operation and funds were to be expended under adequate supervision and second that adequate guard must be provided. Chinese representative on technical Sub-Committee had been unable to give his entire assent to report deeming that impairment of sovereignty of China might result. Mr. Root said that Sub-Committee of delegates for which he was reporting had had before it this technical report and many drafts of resolutions aimed at avoiding

[80] Adopted at the Sixth Plenary Session, Feb. 4, 1922.

impasse caused by objection of the Chinese representative to conclusions of Technical Sub-Committee. None of these drafts, however, had seemed to generality of Committee to promise any improvement of the situation. They had all been in form of amendments of Inter-Allied agreement of 1919, which had been regarded by common consent and general statement as being still in force and effect.

After adoption of the resolution and reservation above quoted, Mr. Koo stated view of Chinese delegation. He pointed out especially that the railroad ran through Chinese territory and that sovereign rights of China must be safeguarded.

As to reservation adopted by other Powers, Mr. Koo said that trust which China had assumed could only apply to functions which formerly were exercised by Russian Government under agreements with China and which were now exercised by China as provisional measure because of absence of recognized Russian Government for time being. As to practical situation Mr. Koo said there was undoubtedly room for improvement on the Chinese Eastern as no doubt on every other railway, but he thought that difficulties which had beset Chinese Government were very great, especially those resulting from Russian revolution. If it had been found in opinion of some of Powers that protection given railway and persons in its service had been inadequate, inadequacy really was due more to difficulties inherent in situation than to any lack of determination on part of China to discharge her obligations. Thanks to protection given Chinese Eastern was still in operation while some of other railways in Trans-Siberian system were in very unsatisfactory condition.

HUGHES

861.77/2410 : Telegram

The Consul at Harbin (Jenkins) to the Secretary of State

HARBIN, *February 6, 1922—1 p.m.*
[Received February 6—12 : 17 p.m.]

Chinese have organized society here to carry on campaign against international control Chinese Eastern Railway. Street demonstration took place yesterday. Movement believed to be instigated by order of the authorities. Legation informed.

JENKINS

861.77/2425a

The Acting Secretary of State to the Ambassador in Japan (Warren)

No. 41 WASHINGTON, *February 16, 1922.*

SIR: You will have received from Peking, before the arrival of this instruction, a copy of the Department's confidential cablegram

No. 22, of February 3, 1922, to the Legation there, on the subject of the Chinese Eastern Railway and the deliberations of the Conference in that connection.

You are already acquainted, through the wireless reports, with the action of the Conference on this question. A copy is enclosed, for your confidential use, of the report of the sub-committee of technical advisers.[61]

For your further confidential information, you are advised that, in private discussions with officers of the Department, Mr. Hanihara and Mr. Matsudaira, the members of the Japanese Delegation who were especially charged with the question of the Chinese Eastern Railway, frequently urged the desirability of Japan and the United States arriving informally at a preliminary accord on this subject, in analogy to the negotiations which led up to the agreement for the supervision of the Trans-Siberian and Chinese Eastern Railways concluded in January, 1919. On the day before his departure from Washington, February 14, Mr. Matsudaira again spoke of the desirability of proceeding in this manner. He said that he had intended to obtain the authorization of his Government to begin discussions with the Department at Washington, but his early departure had made this impracticable. Immediately upon his return to Tokyo, however, he would consult with his superiors in the Foreign Office and then probably seek an interview with you. The officer of the Department with whom he spoke did not intimate whether or not the United States would consider it advisable to reach a preliminary understanding with Japan before consulting the other Powers further, but said that you would, of course, be glad to receive him at any time and hear anything he had to suggest. The Department would have no intention of attempting to settle this matter with Japan to the exclusion of the other Powers concerned, even if this were possible, but perceives no objection in principle to an informal exchange of views between any two Powers in an entirely preliminary sense.

It is possible that before Mr. Matsudaira's call on you other diplomatic developments may have occurred along the lines indicated in the Department's cablegram No. 22, to Peking. You will then, of course, have these in mind, but it is desired in any case that you maintain a merely receptive attitude, ascertaining as definitely as possible what the Japanese Foreign Office has to suggest and reporting this to the Department.

It may be added for your further information and guidance, that during the discussions in the Conference Mr. Hanihara disclosed a strong desire to obtain such an organization of any international

[61] *Conference on the Limitation of Armament, Washington, Nov. 12, 1921–Feb. 6, 1922* (in English and French), p. 1376.

body to be maintained at Harbin as would afford Japan "a position of equality." When it was proposed at one point to do away with the Inter-Allied Committee at Vladivostok and continue the existing Technical Board at Harbin with amended and enlarged powers, Mr. Hanihara objected, manifestly because this would mean the continuance of an American as chairman. Mr. Hanihara frequently reiterated, on the other hand, that Japan would be very willing to proceed on the basis of the report of the sub-committee of technical advisers. This called for a new international organ—a Finance Committee—and it was plainly in Mr. Hanihara's mind that the organization of this committee would be a matter of adjustment. You will recall that the question of the chairmanship was also mentioned in the Japanese reply of last September [*October*] [62] to the American proposal then made for an amendment of the 1919 agreement.

When Mr. Hanihara brought this point out in the sub-committee of delegates, Mr. Root, on behalf of the United States, asserted very emphatically that he could not assent to any arrangement, such as was then under discussion, by which an end would be put to Mr. Stevens' chairmanship and yet nothing really effective provided as an alternative means of assuring the continued operation of the railway and the protection of the rights of those in interest. He did not mean to say, Mr. Root added, that the United States would insist uncompromisingly upon Mr. Stevens' continuance as chairman; it would yield, however, only in consideration of some arrangement which would provide more effectively for the ends in view.

A copy of this instruction is being forwarded to Peking for the confidential information of the Legation. It is desired that the Legation at Peking and the Embassy at Tokyo continue to maintain close contact and cooperation on this subject.

I am [etc.] HENRY P. FLETCHER

861.77/2431 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *February 22, 1922—10 p.m.*
[Received February 22—4 : 22 p.m.]

60. Department's telegram of February 3, 7 p.m. I lost no time in arranging a provisional consultation with the Minister for Foreign Affairs, Dr. Yen, which was intentionally rather vague on my part. I laid particular emphasis on the fact that it was agreed

[62] *Foreign Relations*, 1921, vol. I, p. 608.

among the Powers at Washington that the Chinese Eastern Railway was not exclusively an affair of China, as is maintained here, but is also their affair, and that the Powers had all recognized the fact that the 1919 agreement must continue in force and through diplomatic exchanges might be amended. The British Minister was informed of the facts in a conference which I had with him later. This week he received instructions from his Government, for which he had desired time to cable. While he was told to cooperate with me, he was given a general warning of the danger which might ensue should the Japanese Minister get the idea of being isolated, which was declared to be a very real danger since the Washington Conference.

My British colleague and I have just returned from a conference with the Minister for Foreign Affairs, having made a special appointment. The British Minister and I set forth the points in the Department's instructions and earnestly reinforced them by arguments which we had discussed beforehand. We placed particular stress on the advantage to China and the wisdom of the Chinese Government's assuming of its own accord the initiative in immediately asking the other Powers to cooperate in handling the railway problem. Special issues were raised by Dr. Yen including the question of the future membership of the Technical Board. He inquired whether the Ussuri Railroad was included or ought not to be and also whether China could expect the interested Powers to advance funds.

We told Dr. Yen that the very questions he raised showed the need for China to begin soon discussions with the Powers in which all these details could be arranged. We said that certain fundamentals were now clear; in the first place, that the Chinese Eastern was in a deplorable condition and a remedy was needed, and, secondly, the recognition given at the discussions in Washington to the interest of the other Powers. We told Dr. Yen that we thought the remedy to be mutual consideration and cooperation by China and the Powers and for that reason we urged his Government to voluntarily take the lead in inviting such consultation and cooperation. I said to Dr. Yen that the Powers would deplore using pressure against China and I therefore hoped that China would voluntarily request cooperation. I also remarked that at Washington China had seen the advantages to itself of meeting the other Powers around a council table.

Finally, Dr. Yen said he would have to wait until he could confer with the Minister of Communications who, I presume because of loyalty to his friend the Prime Minister, has gone to Tientsin. He also said he desired to consult with Wang Ch'ung-hui [63] before replying. Wang is now returning from Washington. Dr. Yen also con-

[63] Member of the Chinese delegation at the Washington Conference.

sidered it necessary for him to see the resolutions on the subject adopted by the Washington Conference and requested me to furnish him with copies in case we should receive them by radio. Although I have no results to report, I believe that at least we obliged Dr. Yen to realize that there is substance to the case which we set forth.

SCHURMAN

861.77/2431 : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *March 7, 1922—4 p.m.*

52. Your no. 60 of February 22, 10 p.m. The Chinese Minister here has received a telegram from the Minister for Foreign Affairs sent after your interview. Further explanation of the suggestions regarding the Chinese Eastern Railway made through you by the American Government was requested. It is our understanding that the Minister in his reply to Peking presents clearly the friendly attitude of our Government in this matter and urges that China act in a manner which is completely in agreement with the suggestions we have made in the latter part of our telegram 22, February 3, 7 p.m.

The Department has been asked by the Japanese Embassy regarding "representations" concerning the Chinese Eastern Railway which you have made to the Chinese Government. In reply the Department has stated that the action you took was merely to convey informally to that Government a friendly suggestion and that in no sense could your action be interpreted as opening the diplomatic interchanges which the Washington Conference had recommended.

Repeat the above paragraph to Embassy in Japan. Do not repeat the first paragraph.

HUGHES

861.77/2451 : Telegram

The Acting President of the Technical Board (Johnson) to the Secretary of State

[Paraphrase]

HARBIN, *March 9, 1922—5 p.m.*

[Received March 10—9:12 a.m.]

To Stevens. My January 10, 6 p.m.[64] Wang Nai-pin has refused to take office as president [*director general*] of the Chinese Eastern

[64] Not printed.

Railway. Because of fear that the power of the Technical Board will be broadened no other Chinese of the old school is willing to accept the position, so Dr. C. C. Wang has been appointed as acting head of the railway.

JOHNSON

861.77/2489 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *March 25, 1922—1 p.m.*
[Received April 3—1:45 p.m.]

118. I have talked over Chinese Eastern affairs thoroughly with Dr. C. C. Wang. The following is not an official expression of opinion by the Chinese Government but are Dr. Wang's personal views which he believes are generally shared by interested Chinese and Russians, both people and officials.

1. As concerns criticisms of management engaged in reorganization.

A. Too big a staff. He will make careful investigation of this.

B. Concerning treatment of Russians in the Railway Zone, Dr. Wang said that although in the past Russians had harshly treated the Chinese, the Chinese officials harbor no spirit of revenge. Besides, the railway is not directly concerned in the matter as the railway is a purely commercial enterprise since the agreement of October, 1920, and such things are in the hands of the appropriate Chinese Government officials.

C. Policing of railway system. Munthe, who had been approached by Dr. Wang, says that he can not undertake task because of age and physical inability. Colonel Wenwhat who has served in the forces of Chang Tso-lin has been secured by Dr. Wang to assume charge of the police and to reorganize the force. A subordinate of Munthe will serve as assistant. Hereafter the regular railway paymaster will pay the police who up to now have been paid through the office of the president of the railway. The stability and efficiency of the police should be increased by this change.

D. Dr. Wang says he will be glad to receive specific criticisms and suggestions on any other points for the improvement of the railway management.

2. When I questioned Dr. Wang closely as to why China was reluctant to invite foreign nations to cooperate, he emphasized two points.

A. Relations between China and Russia. The Chinese Eastern is a Russo-Chinese enterprise. Russian rights are now in the custody of China. The present status should be retained as nearly as possible

as the attitude of the future Russia can be foreseen with difficulty, if at all. The best course is to keep the Chinese Eastern going as it now is and to leave China unembarrassed in coming to an agreement with Russia, which will be accomplished before very long, probably within a year or two. The railway can in the meantime struggle along without financial aid even from China, although it does need money.

B. Unless there is sufficient reason, Chinese and Russian officials are opposed to further changes. No such reason is now apparent. To be sure, conditions are not ideal, but the Chinese Eastern is vastly better off than the Amur, Ussuri, and other railways in Siberia, and the Powers make no representation about them. During the chaotic conditions which existed a few years ago the Chinese would have welcomed foreign cooperation or even the avowed internationalization of the Chinese Eastern Railway, but at that time the Powers were silent and the situation was met by China.

It is now too late, for so many things have developed in Sino-Russian relations and in the jurisdiction of China over the railway territory. Also Chang Tso-lin is master of Manchuria and his susceptibilities can not be ignored. It is unfortunate that in China the railway matter to be considered at the Washington Conference was represented as internationalization. To Chinese and Russians, therefore, any suggestion as to the reorganization of the status and powers of the Inter-Allied Technical Board connotes internationalization, thus stirring up the greatest opposition. They ask why it is that at this late date changes are proposed when conditions are getting better and when the influence of foreign nations and of the Technical Board in the railway situation are less powerful.

C. If it be assumed that the interest of foreign countries in the railway is a reason for change, Dr. Wang's reply is that these countries have no formal interest but only an interest based on the fact that through the Technical Board, not through regular railway channels, they have expended money on the railway. He points out that these funds were used not for the Chinese Eastern alone but also for the Siberian railways and that in any event the debts due to the railway for transporting the Czechs, etc., constitute an offset to these advances.

D. If it be assumed that the danger of Japanese control constitutes another reason for change, Dr. Wang contends that for the following reasons this danger does not exist:

1. The Japanese have, at least for the present, given up their extremely aggressive policy toward China. It is not likely that in the future she will encroach more than in the past. The Japanese have found out in Siberia that the use of the mailed fist is not profitable.

2. Japan has already advanced funds to the Chinese Eastern through the Technical Board. She is not trying to make capital of this to gain control of the railway. Why, therefore, should action of this kind in the future be feared.

3. The present Government of China is not subservient to the Japanese and Chang Tso-lin is distinctly hostile to the Japanese.

4. It has been distinctly understood in all the discussions which the Chinese authorities have had with regard to a bond

issue, that only Chinese and Russians would be permitted to purchase such bonds, in case of issue such a provision being sure to be inserted.

5. Russia and China would unite to eject the Japanese even should they try to gain control. In Siberia the power of the Bolsheviki is increasing.

6. If worse came to worst and Japan should seize the Chinese Eastern, she could only hold it for a time and would have to withdraw as she did from Shantung.

Dr. Wang has reached the general conclusion that at least for the present the suggestion of international cooperation should not be favorably regarded by China. There was some possibility, he intimated, that if financial circumstances made it impossible to avoid a loan this feeling would change. He again recommended that the present status be continued and that time be given for Chinese and Russian anxiety and suspicion regarding internationalization to subside.

The above are statements made by Dr. Wang. I gain the impression that it is possible that the chief reason for Chinese reluctance to seek cooperation is their desire to remain free from entering into political, territorial or other arrangements as to their rights in the Chinese Eastern Railway and that the Chinese are about to enter into informal discussions with the Russians looking to an agreement, if such conversations are not already taking place.

I have informed Johnson.

SCHURMAN

861.77/2494 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *March 28, 1922—3 p.m.*

[Received April 4—1:30 p.m.]

120. My no. 118 of March 22 [*25*], 1 p. m. My British colleague tells me that London has asked him whether, considering Geddes'[66] economy program, it was necessary to have British representative upon the Technical Board. Mr. Alston's answer was that as there were virtually no British commercial interests in the Chinese Eastern Railway it was rather a luxury to maintain a British member on the Board but that as the question was political it should be decided in London. He also reported that the Chinese disliked the Technical Board although both the Chinese and the Russians found it useful as a buffer between them. Mr. Alston expressed

[66] Sir Eric Geddes, chairman of committee to advise on British national expenditure.

the view that the expenses of the Technical Board should be a charge on the railway itself and that possibly the Chinese Government might be willing to pay all its expenses in case the suggestion put forward by the United States to increase the Board's power were changed so that nominally the Chinese Government would be the employer of the Board. In reply Mr. Alston was told that his Government agreed that the expenses of the Technical Board should be met by the Chinese Government and he was instructed to sound out the American Minister. I told him that it would be necessary for me to receive instructions.

SCHURMAN

861.77/2494 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, *April 8, 1922—5 p.m.*

104. Minister Peking telegraphs he has been sounded by his British colleague as to possible withdrawal of the British member of the Technical Board at Harbin as part of the Geddes retrenchment program and British Minister has suggested as an alternative that the Board might be made instrument of the Chinese Government and cost of maintenance transferred. Please say to the Foreign Office that this Government would regard the withdrawal of the British member of the Technical Board as most unfortunate at this time, especially in view of the early return to Harbin of John F. Stevens and intimations that Japan intends soon to initiate discussion of future policy respecting the railway. Add that this Government will be ready to consider carefully the British Minister's alternative suggestion a little later on but hopes that action can be deferred for a short time at least as any present manifestation of a lack of interest on the part of Great Britain would be most inopportune.

HUGHES

861.77/2494 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *April 8, 1922—6 p.m.*

32. Department's 31, April 7 [*6*], 6 [*7*] p.m.[67] Advise Stevens of contents of Peking's No. 118, March 25, 1 p.m., in case you have received it, otherwise Stevens will learn contents upon arrival at Harbin, and also of the desire of the British Government to avoid further expense in connection with the maintenance of the Technical Board. Ask him to discuss situation fully with Wang and others

[67] Not printed.

as he may think best, keeping in close touch with the Minister at Peking as well as yourself and to write the Department at length his considered views respecting future possibilities and American policy.

Has Foreign Office spoken to you as forecast in Department's instruction No. 41 of February 16?

HUGHES

861.77/2498 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, *April 10, 1922—noon.*
[Received April 10—5:47 a.m.]

62. Your 32, April 8, 6 p.m. Matsudaira [68] called upon his return; spoke of this matter and said that after considering with Uchida [69] he desired to take the matter up with me. Have since expressed to Uchida and Matsudaira my willingness to take the matter up whenever they are ready but Uchida has been occupied with the Diet and now is occupied with Privy Council so they have sought no opportunity to take question up.

WARREN

861.77/3633

Memorandum by Mr. Douglas Jenkins of the Division of Russian Affairs, Department of State

[WASHINGTON,] *May 1, 1922.*

OPPOSITION TO INTER-ALLIED TECHNICAL BOARD OF CHINESE EASTERN RAILWAY

Recent despatches from the American Consulate at Harbin indicate a vigorous effort, presumably on the part of the Chinese authorities, to create the impression that the Chinese people in North Manchuria are demanding that the Inter-Allied Technical Board be abolished. Consul Hanson telegraphs (I.B. 861.77/2511)[70] that on April 25 [*27*], 2000 Chinese paraded through the streets of Harbin displaying banners and placards demanding that the Technical Board be abolished. The Consul expresses the belief that this demonstration was instigated by Dr. C. C. Wang, whom the Chinese Government recently appointed as President of the Railway.

In his despatch No. 17, dated March 17 [*7*], (I.B. 861.77/2512 [*2495*])[70] Consul Hanson transmits a copy of an article from the

[68] Tsuneo Matsudaira, Secretary General of the Japanese delegation at the Washington Conference.
[69] Count Yasuya Uchida, Japanese Minister of Foreign Affairs.
[70] Not printed.

Chinese newspaper—*The International*—in which reference is made to a resolution adopted by the Chinese of Harbin demanding the removal of the Technical Board. The newspaper argues that the objects for which the Board was created no longer exist and charges that Mr. John F. Stevens, the American representative and President of the Board, endeavored to have the railway placed under international control, for his personal advantage and against the interests of China.

In his despatch No. 50, of March 29, (I.B. 861.77/2512)[71] the Consul refers to still another article in *The International* in which the Technical Board is accused of trying to increase its powers over the railway. Consul Hanson concludes with the statement he has been given to understand that prominent Russians connected with the railway also wish the Technical Board abolished and the control of the railway placed in the hands of the diplomatic and consular representatives of the United States, Great Britain, France and Japan. Consul Hanson mentions in his despatch No. 44, of March 27, (I.B. 861.77/2514)[71] that anonymous manifestos attacking the Board have been distributed in Harbin.

Finally, in his despatch No. 57, of March 31, (861.77/2516)[71] Consul Hanson transmits a copy of an article published in *The Peking and Tientsin Times*, of March 28, reporting that various organizations (Chinese) and patriotic societies in various cities in North Manchuria, had forwarded a circular telegram to the Peking Government demanding the Technical Board be abolished.

In connection with Consul Hanson's reports, it may be recalled that during the recent Conference in Washington, at which the Chinese Eastern Railway was considered, similar evidence of organized propaganda, in Harbin and elsewhere in North Manchuria, directed against the proposed international control of the railway, were brought to the attention of the Department. At that time it was generally believed this propaganda was instigated by the Chinese military and civil authorities. The present fight against the Technical Board doubtless originates from the same source.

D[OUGLAS] J[ENKINS]

861.77/2531 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *May 15, 1922—6 p.m.*
[Received May 15—11:28 a.m.]

220. Your 82, April 8, 6 p.m.[72] British Minister telegraphing his Government that he and I agree that proposal that the Chinese East-

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[71] Not printed.

[72] Not printed; it informed Minister of substance of telegram no. 104, Apr. 8, to the Ambassador in Great Britain, p. 892.

ern Railway bear the cost of Technical Board is undesirable on its own merits on the following grounds:

Loss of independence and prestige; already excessive administrative budget of the railway and possible encouragement to the existing agitation against foreign participation in the management. British Minister adding that I hope that question of withdrawal of British representative may be held over pending further discussion between the United States and Great Britain.

Stevens informed.

SCHURMAN

861.77/2560

The Ambassador in Great Britain (Harvey) to the Secretary of State

No. 1330 LONDON, *May 24, 1922.*

[Received June 5.]

SIR: Referring to the Department's telegraphic Instruction No. 104 of April 8, 5 p.m., 1922, relative to the withdrawal of the British member of the Technical Board at Harbin, I have the honor to enclose, herewith, copies in triplicate of a Note, No. F 1735/391/10, dated May 23, 1922, transmitting the reply of the British Foreign Office in regard to this matter.

I have [etc.]

For the Ambassador:
POST WHEELER
Counselor of Embassy

[Enclosure]

The British Secretary of State for Foreign Affairs (Curzon) to the American Ambassador (Harvey)

No. F 1735/391/10 [LONDON,] *23 May, 1922.*

YOUR EXCELLENCY: I have the honour to acknowledge the receipt of your letter of April 10th, from which I learn that the government of the United States would regard the withdrawal of the British member of the Technical Board at Harbin as most unfortunate at the present junction, and hopes that, if any such action is proposed, it may be deferred for a time at least.

2. As Your Excellency has stated, the position of the British member has been under consideration, and it has been suggested by His Majesty's Minister at Peking that some arrangement might be made by which the cost of maintaining him and the other members of the Technical Board would be borne by the Chinese Eastern Railway, whose interests they are helping to serve.

3. I am glad to note that the United States Government are disposed to consider this suggestion, and also to inform you that while, in view of the considerations mentioned in your letter, His Majesty's Government agree to the retention of General Beckett for the present, it is feared that his appointment cannot be continued after 31st December, 1922, if the expenditure thereby entailed continues to be a charge to the British Exchequer.

I have [etc.]

(In the absence of the Secretary of State)
B. C. NEWTON

861.77/2552 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

[Paraphrase]

HARBIN, *May 25, 1922—8 a.m.*
[Received May 26—12:45 a.m.]

Chinese Eastern Railway pay-roll obligations will amount within a few days to about 900,000 roubles in gold, and the amount of money in sight to meet these charges is not more than 225,000 roubles. Bills for large amounts are due also on current accounts, with no cash available for payment. I cannot see any way by which the railway can continue to borrow; there may be a source from which funds could be obtained, perhaps through Chang Tso-lin, but it is not likely that they will be. The railway will not get a dollar from me, even if transportation is tied up. The Technical Board is being deliberately ignored in every way by the Board of Directors and the Administration who cut rates far below the operating costs, dissipate revenues, make suicidal contracts and incur useless expenses . . . The Technical Board has vigorously protested, but in vain. What little business is done is at a loss which increases daily. Before long the railway must collapse.

My prediction to Senator Root regarding the effect of the Washington Conference resolution pretending to fix responsibility on the Chinese Government has come true. That Government now considers the railway as belonging to it. It is useless to keep up farce of longer continuing the Technical Board unless active steps are immediately taken to put it on a firm foundation. . . . The Inter-Allied Railway Agreement is absolutely worthless as matters stand and it does not seem to be receiving any support.

STEVENS

861.77/2552 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

[Paraphrase]

WASHINGTON, *May 27, 1922—4 p.m.*

49. Our instruction no. 41 of February 16. Your telegram 62, April 10, noon.

[Here follows summary of first paragraph of telegram from the President of the Technical Board, Harbin, May 25, 8 a.m., printed *supra.*]

Confer with Foreign Office regarding situation. Point out that prompt decision as to course of action is necessitated by these circumstances and find out whether Japan is ready to offer any suggestions.

Department assumes that message for Stevens in our 82 [*32*], April 8, 6 p.m., was delivered to him. Please ask Stevens if he has forwarded to us the report which that telegram called for stating his views with regard to possibilities for the future and the policy which the United States should pursue as to the Chinese Eastern Railway.

HUGHES

861.77/2562 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *June 6, 1922—2 p.m.*

[Received June 6—8:55 a.m.]

93. Department's 49, May 27, 4 p.m. The last time Stevens was here he was given a copy of your telegram no. 32 April 8, 6 p.m. Telegram now received from Stevens states that about May 23 his report under date of May [omission] was mailed from Shanghai.[73]

In conversation with Minister for Foreign Affairs, Uchida, I told him of conditions which Stevens reported. Uchida said he had no plan to propose. I referred to the statements made in Washington by Matsudaira. Uchida replied that he would confer with Hanihara and Matsudaira and find out what they might suggest. Matsudaira called later at the Embassy. He said he was at work on a plan and inquired whether the United States had any plan to offer. It is my belief that Uchida does not intend to make a definite proposal and I am without instructions as to any plans which may have been suggested to the Japanese Government.

WARREN

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[73] Not found in Department files.

861.77/2552 : Telegram

The Secretary of State to the Consul at Harbin (Hanson)

WASHINGTON, *June 15, 1922—4 p.m.*

For Stevens:

Your May 25, 8 a.m. and Department's May 27, 5 p.m.[74] I have about concluded that further expenditure of American funds in connection with the Chinese Eastern and Trans-Siberian Railways at this time is not advisable and contemplate so notifying governments concerned within the near future. Before doing so, however, I should like to have by telegraph any suggestions you can make in the premises especially with respect to possible arrangements for securing American interests and your estimate of approximate amount of funds which will remain on immediate winding up.

HUGHES

861.77/2579 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

[Paraphrase]

HARBIN, *June 18, 1922—11 a.m.*

[Received 10:50 p.m.]

Your June 15, 4 p.m. Your request not understood. Are the American interests which you have in mind those immediately connected with the Technical Board or general commercial interests? Recently it has been suggested to me that the Technical Board will be asked by the Russo-Asiatic Bank to assume control of the railway's finances. Should this be done I might possibly be able to compel the granting of conditions by which the powers which the Board has been asking would be given to it. Should the Russo-Asiatic Bank take this step it is very likely that the Chinese Government will have to follow its example. It will be necessary to float a loan in any case; the only reason for the present condition of the railway is management which has been reckless or worse. Taking everything into consideration I recommend that you delay action a little while as before long something must happen here. My personal wish to retire is known to you, but if a little delay might offer a chance it would be too bad to lose the work of more than three years. I wish a few days' delay in any case to arrange certain matters before the other Powers are notified. Elimination United States board [*sic*] would naturally follow from withdrawal of the American representation.

STEVENS

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[74] Latter not printed.

861.77/2579 : Telegram

The Secretary of State to the Consul at Harbin (Hanson)

WASHINGTON, *June 22, 1922—4 p.m.*

For Stevens:

Your June 18, 11 a.m. In my June 15, 4 p.m., I had in mind primarily suggestions on your part as to measures for protecting the financial advances made by this Government in connection with your work and also any recommendations which you might find it possible to make with respect to prevention of commercial discrimination on the Chinese Eastern and in general the preservation of present and future opportunities for American trade.

Proposals to other governments may suggest complete termination of Allied agreement or of Technical Board at least on its present basis and not merely withdrawal of American representation.

Definite course of action not yet determined beyond need for winding up expenditures and I await your recommendations.

HUGHES

861.77/2562 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)[75]

[Paraphrase]

WASHINGTON, *June 27, 1922—3 p.m.*

64. Embassy's no. 93 of June 6, 2 p.m. I have about decided that it is not wise to spend more money at present in connection with the Chinese Eastern. Stevens has been confidentially informed. I have requested him to make suggestions as to how to protect the financial advances which the United States has made under the Inter-Allied agreement. I have also requested his recommendations as to means for preventing commercial discrimination on the railway and generally for protecting American commercial opportunities now and in the future. Please telegraph any suggestions or recommendations you can make. The Minister in China should do likewise. Can you suggest any substitute plan which China and Japan would be likely to accept to conserve the Chinese Eastern for the benefit of its owners and keep it open for commercial use without discrimination in case the Inter-Allied agreement is terminated and the Technical Board is abolished, on its present basis at least?

Repeat to Peking as Department's no. 157.

HUGHES

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[75] See last paragraph for instructions to repeat to Peking as no. 157.

861.77/2589 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

[Extract—Paraphrase]

HARBIN, *June 29, 1922—8 a.m.*
[Received June 30—3:54 a.m.]

Department's telegram of June 22, 4 p.m. . . .

Considering that the only necessary expense will be that of maintaining the existing organization, I recommend that action be deferred for a short time as developments which may change the railway situation are liable to take place.

STEVENS

861.77/2593 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

[Paraphrase]

HARBIN, *June 30, 1922—9 a.m.*
[Received 10:50 p.m.]

Chinese Government should be strongly urged to order at once the suspension of agreement just made between the South Manchuria and the Chinese Eastern Railways regarding tariff rates. Japanese interests by this agreement obtain the control and marketing of the entire North Manchuria soya bean crop. This is detrimental to the Chinese Eastern Railway and, what is still worse, completely violates the policy of the "open door" as accepted at the Washington Conference. There is no time to lose as the agreement is announced as effective tomorrow. Agreement to advance large sum in cash to Chinese Eastern Railway July 1 accomplished this arrangement. Technical Board will give widest press publicity to this affair unless proceedings are terminated.

Tokyo [and Peking ?] informed.

STEVENS

861.77/2591 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, *June 30, 1922—2 p.m.*
[Received July 1—1:27 a.m.]

Technical Board resolves that by reason of absolute inefficiency of the Chinese forces guarding Chinese Eastern resulting in destruction of property, harassing and killing employees by bandits,

each representative shall so advise his Government and ask immediate steps be taken to provide proper guard. Copy Peking, Tokio.

STEVENS

861.77/2594 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *July 1, 1922—1 p.m.*

[Received July 1—4:36 a.m.]

291. Press carries today announcement by Board of Directors, Chinese Eastern Railway, of issue July 1st 5-year 10 percent bonds value 3,000,000 roubles. Stevens and Tokyo informed.

SCHURMAN

861.77/2596a : Telegram

The Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *July 1, 1922—2 p.m.*

163. Please report regarding any negotiations between Chinese Government and Moscow or Chita representatives as to Chinese Eastern Railway, with special reference to status of the Inter-Allied Technical Board.

HUGHES

861.77/2595 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *July 1, 1922—8 p.m.*

[Received July 2—7:05 a.m.]

292. Today I received Stevens' telegram of June 30, 9 a.m. with regard to tariff rates on soya beans. I took the matter up with the Foreign Office at once. I did not place special emphasis on the effect of the agreement on the railway in view of your telegram 157 of June 27 via Tokyo.[76] Instead I based my representations chiefly on the alleged violation of the principle of the "open door," as guaranteed at the Washington Conference by China.

Knowledge of such an agreement is denied by both the Ministry of Communications and by the Foreign Office. They have requested a report from Dr. C. C. Wang. Is it not possible that the agreement for a large cash payment to the Chinese Eastern which Stevens reports, may be in connection with the issue of bonds which I reported in today's telegram no. 291?

Stevens' telegram of June 30, 2 a.m. [*p.m.*], on guarding the Chinese Eastern Railway. Considering your no. 157, which I will

[76] See footnote 75, p. 899.

answer soon, how far should I go in making representations on this subject to the Chinese Government?

SCHURMAN

861.77/2595 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *July 6, 1922—5 p.m.*

166. Last paragraph of your No. 292, July 1, 8 p.m.

You may within your discretion point out to the Chinese authorities informally how prejudicial to China's interests and her relations with other Powers is the continuance of the situation in the railway zone to which the Technical Board calls attention. Refer Department's No. 340, December 24, 3 p.m., and No. 22, February 3, 7 p.m., and your No. 118, March 25, 1 p.m., especially paragraph 1 C of the last.

Refer to these telegrams also in connection with your No. 291, July 1, 1 p.m., especially paragraph 2 D 4th of your No. 118. Have you ascertained real purchaser of bonds and terms of mortgage?

HUGHES

861.77/2602 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *July 6, 1922—9 p.m.*

[Received July 7—1:52 p.m.]

295. Referring to your telegram of June 27th via Japan. An acceptable substitute for the Technical Board, as far as the Chinese Government is concerned, would be to appoint American and European employees to administrative positions on the Chinese Eastern. However highly placed these appointees might be, I am afraid that they would still be subordinate with no means of compelling the acceptance of their policies. This plan would seem to provide international cooperation, but real control would be lacking. Rather than have such fictitious foreign cooperation with implied responsibility it would be better for the Powers to accept in practice the claim of China to the administration of the Chinese Eastern Railway and to hold China to strict, sole accountability for the performance of the obligations which she thus assumes to preserve the railway for the benefit of its owners and to keep it freely open as a highway for commerce. I think that this accountability might be made effective by the creation of an inter-Allied board of observation to replace the Technical Board. This new board would have no powers of control. Its duties would be to observe and to report to the interested Governments how the Chinese Government fulfilled

its duties and overcame the [apparent omission] which the Washington Conference resolutions regarding the Chinese Eastern indicated. In this manner international opinion could be informed and at any time it could be invoked by diplomatic initiative and brought to bear upon special complaints and delinquencies. It would be natural to select as members of the observation board the consuls at Harbin representing the interested nations. It would mean no large extra expense for the consulates, but I would suggest the advisability of raising our consul to the rank of consul general so that none of his colleagues would outrank him. The Chinese Government probably would accept such an international observation board as the price of getting rid of the Technical Board. This plan might be combined with that mentioned at the beginning of this telegram, that of having foreign employees on the railway.

A third substitute is to retain the international character of the present Board, discontinue its technical and operative functions, and change it into an auditing board controlling the finances of the railway and having the right of inspecting its operations and criticizing its manager. China is not yet ready for this plan but the financial plight of the Chinese Eastern Railway may force her to accept it if the interested powers are willing to loan the railway a substantial amount.

It is my understanding that the manager of the Russo-Asiatic Bank has suggested this plan and after it was approved by Paris presented it to the Premier, the Minister of Communications and others. The bank considers that it is for the Chinese Government, rather than the bank, to propose the plan to the Ministers of the four Powers concerned. The bank expects the Chinese Government to make this proposal soon, but I believe that only dire necessity will lead the Government to do this. International control of any sort is opposed by both the people and Government of China. W. W. Yen anticipates that debates in the coming session of Parliament regarding such international control will endanger the Government.

SCHURMAN

861.77/2603 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

[Paraphrase]

HARBIN, *July 8, 1922—6 p.m.*

[Received July 9—5 a.m.]

Under the agreement rates for shipment of beans and bean products to Kobe via Dairen and Vladivostok are placed on equality.

Kobe is made base for receiving products from North Manchuria. Sea transportation is controlled by the Japanese who can manipulate rates so as to compel most of the export trade to go through Dairen as the Japanese can place their own interpretation on the word "equality" which does not mean the same rates. Eighty percent of the exports before 1914 went through Vladivostok. This percentage dropped to 10 during the war, but with better conditions and the aid of our work export through Vladivostok rose to 70 percent for the past year. As a result the Japanese have been using every means in an effort to destroy the use of the Vladivostok route. Their attempt to secure control of the Ussuri Railway failed. Taking advantage of the desperate financial straits of the Chinese Eastern Railway, by the payment in advance of rebates to the amount of 1,000,000 yen the Japanese obtained an agreement which, by reason of sea routes, places entirely in their hands the control of rates and practically gives them the power to determine the world price of beans. It is the general belief that the big exporters through Vladivostok will be barred from exportation. By the agreement the Chinese Eastern Railway loses all power to fix tariffs on its most important business without Japanese consent. Traffic can be manipulated by the Japanese to fit their plan which is to maintain their commercial predominance in Manchuria. No one country should be permitted to have such power here. The elimination of Vladivostok as a competing port will certainly be a heavy blow economically to Manchuria. The fact that the agreement which practically changed the whole rate structure was made effective in one day [omission] that those concerned were afraid to face advance publicity. No consideration was given to appeals for delay. Imports through Vladivostok will be similarly affected by destruction of export business. I do not hesitate to declare, as a railroad man with practical experience, that by this method the Japanese have gained control of the Chinese Eastern Railway and North Manchuria, the greatest asset, and that Vladivostok has been eliminated. . . .

STEVENS

861.77/2603 : Telegram

The Secretary of State to the Consul at Harbin (Hanson)

WASHINGTON, *July 12, 1922—6 p.m.*

For Stevens. Your July 8, 6 p.m. Matter has been brought to attention Chinese Foreign Office by Legation Peking.

HUGHES

861.77/2614 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *July 15, 1922—2 p.m.*
[Received July 15—10:44 a.m.]

307. Your telegram number 166, July 6, 5 p.m., last paragraph. It is virtually impossible to get any real information out of Chinese officials now in Peking in regard to Chinese Eastern Railway. The entire personnel in the Ministry of Communications is new and completely ignorant in regard to the railway and C. C. Wang is at Harbin. The Russo-Asiatic Bank informs me that the bond issue was designed to pay following: half million rubles to Japanese creditors for supplies delivered; about two millions to employees of railway discharged on ground economy, as bonus to keep them from starvation and from making trouble for railway; remainder to Chinese and Russian creditors for supplies delivered. A 2,000,000 silver issue [may also] be made to assist. It was hoped to make payments in cash derived from sale of gold issue but as sale is proceeding badly payments will probably have to be made in the bonds themselves. The bonds are unsecured, involve no mortgage and are virtually promissory notes.

SCHURMAN

861.77/2589 : Telegram

The Secretary of State to the Consul at Harbin (Hanson)

WASHINGTON, *July 17, 1922—3 p.m.*

For Stevens:

In view of announced purpose of Japan to withdraw troops and the consequent automatic termination of the railway agreement I have deemed it necessary to take up with the Japanese and British Governments in a preliminary confidential manner the question of winding up the Inter-Allied Committee and Technical Board and of confirming the attitude of the Powers toward the Chinese Eastern Railway as outlined at the Washington Conference. Is there any nearer prospect of developments such as you refer to in your June 29, 8 a.m.?

HUGHES

861.77/2615a : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, *July 17, 1922—3 p.m.*

209. Please bring informally to the attention of the Foreign Office the following draft of a confidential memorandum to the Powers

concerned relating to the Chinese Eastern Railway and say that in view of the close cooperation in this matter between the British and American Governments I should be glad to have their comments on the action proposed. A similar preliminary inquiry is being made of the Japanese Government.

Draft follows:

"The impending withdrawal of Japanese troops will definitely terminate the interallied railway agreement of January, 1919. The United States values very highly the international cooperation which was brought about by that agreement and feels that the agreement should not be allowed to lapse without a common understanding being reached as to future action.

The stated purpose of the 1919 agreement was temporarily to operate the Chinese Eastern and Trans-Siberian Railways in the interest of the Russian people with a view to their ultimate return to those in interest without the impairing of any existing rights. The Governments of Japan and the United States and to some extent other governments have expended money and material in aid of the maintenance and operation of the railway. It is a matter of general concern that the railway should continue to exist as a free avenue of commerce and to be operated efficiently.

These considerations induced the representatives of the Powers other than China at the recent Washington Conference to consider and support measures for a continued general supervision of the affairs of the Chinese Eastern Railway, but China, resting upon sovereign rights, objected to the proposals made. The result was the adoption of the following resolution: 'Resolved, That the preservation of the Chinese Eastern Railway for those in interest requires that better protection be given to the railway and the persons engaged in its operation and use, a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property. That the subject should immediately be dealt with through the proper Diplomatic channels.' At the same time the Powers other than China adopted the following: 'The Powers other than China in agreeing to the resolution regarding the Chinese Eastern Railway, reserve the right to insist hereafter upon the responsibility of China for performance or nonperformance of the obligations towards the foreign stockholders, bondholders and creditors of the Chinese Eastern Railway Company which the Powers deem to result from the contracts under which the railroad was built and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad.'

Having regard to the foregoing facts the Government of the United States desires to propose that the Powers concerned proceed in the near future to the winding up of the Inter-Allied Committee and the Technical Board created by the 1919 agreement and that the Powers other than China adopt a common course of action in that connection, to-wit: That those Powers should confirm the resolutions above quoted relating to China's responsibility; that they

should, so far as there may be occasion, reserve all rights with respect to advances in money or material made in aid of the railway; that they reaffirm their concern in the preservation of the railway, its efficient operation and its maintenance as a free avenue of commerce open to the citizens of all countries without favor or discrimination; that they inform the Chinese Government that they purpose to continue to observe carefully the administration and operation of the railway and the manner in which China discharges the responsibilities which she has assumed; and that they apprise the Chinese Government at the same time of their entire good will and readiness to assist or cooperate at any time in any practicable way with a view to conserving the railway property and assuring efficient operation in the interest of all concerned."

HUGHES

861.77/2615b : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *July 17, 1922—3 p.m.*

73. Please bring informally to the attention of the Foreign Office the following draft of a confidential memorandum to the Powers concerned relating to the Chinese Eastern Railway and say that in view of the original agreement having been made primarily by Japan and the United States I should be glad to have their comments on the action proposed. A similar preliminary inquiry is being made of the British Government.

[Here follows draft identical with that in telegram number 209 of the same date to the Ambassador in Great Britain, printed *supra*.]

HUGHES

861.77/2615 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *July 18, 1922—1 p.m.*
[Received July 18—5:50 a.m.]

311. Your July 1, 2 p.m. Cannot learn of any new developments in railway negotiations. As powerful neighbor and as force to be played off against Japan, China feels that [she] cannot disregard Soviet Russia. Minister for Foreign Affairs has not negotiated but has had conversations with Paikes in which he has steadily insisted that Chinese Eastern and status of Mongolia are questions that must be considered together. Latter appears very difficult to adjust.

Manager of the Russo-Asiatic Bank, Peking, states both he and the Chinese Government have pointed out to Paikes that Soviet Government could not legally concede railway to China since railway is not state railway but privately owned. This status was insisted upon

by China when concession granted to avoid dangers of Russian railway through Chinese territory. Paikes had not attempted to rebut this. Bank manager had also pointed out to Paikes that in spite of fears of Reds to the contrary the bank had maintained strictly neutral attitude between Red and White Russians and between Chinese, Japanese and other Governments and that the very existence of so many conflicting interests assured strict neutrality.

SCHURMAN

861.77/2618 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

[Paraphrase]

HARBIN, *July 22, 1922—4 p.m.*
[Received 11:22 p.m.]

Department's telegram of July 17, 3 p.m. I regard developments as disastrous to foreign commerce and to Chinese Eastern Railway. See my July 8, 6 p.m., and July 12, 2 p.m.[77] Attempt to float bonds has completely failed. End of resources is voluntarily admitted by the Russo-Asiatic Bank and by the general manager of the Chinese Eastern. I conferred with them at their request. They say that unless there is financial assistance from outside the Chinese Eastern must struggle along and suffer the fate of other Russian lines sooner or later. In reply to their inquiry regarding possibility of foreign loan pointed out that at the Washington Conference material assistance was prevented by opposition from the Chinese and from the bank. I told them that I rather felt that they had passed up a favorable chance but that I would recommend a loan under proper conditions, the chief one of which for the protection of investors would be complete financial control, tariff rates included. The Russo-Asiatic Bank claims to be willing to accept any fair arrangement not impairing the treaty of 1896 in any of its provisions. Without doubt the Chinese Government's attitude is hostile. . . . The Russo-Asiatic Bank is going to give written statement of their views. I do not like to be thought insistent, but since the conference at Changchun[78] it is no longer possible to maintain "open door" unless steps are taken by the Powers. It is a myth to think that Chinese Government can be held responsible for anything in Manchuria.

Legation informed.

STEVENS

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[77] Latter not printed.

[78] Evidently refers to conference at which traffic agreement between Chinese Eastern and South Manchuria Railways was negotiated.

861.77/2618 : Telegram

The Secretary of State to the Consul at Harbin (Hanson)

WASHINGTON, *July 25, 1922—4 p.m.*

For Stevens: Your July 22, 4 p.m. received and contents carefully noted.

Situation is certainly fraught with difficulty but I am convinced that we have adopted the only course possible under the circumstances. Your observations and recommendations are always welcome and I shall keep you advised of developments.

HUGHES

861.77/2635 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, *August 9, 1922—1 p.m.*

[Received August 9—1 p.m.]

135. As anticipated in my 124, July 26, 1 p.m.,[79] Foreign Office has furnished me in written form under date of August 8th views of Japanese Government concerning draft of memorandum sent in your 73, July 17, 3 p.m. Translation follows:

"Memorandum. The Japanese Government have examined the American Ambassador's memorandum of July 21 and wish to state that they are happy to share the view expressed in the opening part of the memorandum, that the impending withdrawal of Japanese troops will definitely terminate the Inter-Allied Railway Agreement of January, 1919, and that the United States appreciating highly the international cooperation which was brought about by that agreement feels that it should not be allowed to lapse without a common understanding being reached as to future action.

The purpose of the 1919 agreement was as stated in the above-mentioned memorandum to operate temporarily the Chinese Eastern and the Trans-Siberian Railways in the interest of the Russian people. It is also clear from the resolution quoted in the said memorandum that the Powers other than China at the recent Washington Conference are united in the view that whatever power China may exercise in connection with the Chinese Eastern Railway it is in the nature of a trust and consequently China is responsible for performance or non-performance of the obligations resulting from such trusteeship. With such understanding the Japanese Government are prepared to join the proposals made by the Government of the United States that the Powers concerned proceed in the near future to the winding up of the Inter-Allied Committee and the Technical Board created by the 1919 agreement, and that the Powers other than China adopt a common course of action in that connection, to wit:

[79] Not printed.

1. that these Powers should confirm the resolutions above referred to relating to China's responsibility;

2. that they should so far as there may be occasion reserve all rights with respect to advances in money or material made in aid of the railway;

3. that they reaffirm their concern in the equipment, present plans of the railway, its operation and its maintenance as a free avenue of commerce open to citizens of all countries without favor or discrimination;

4. that they inform the Chinese Government that they purpose to continue to observe carefully the administration and operation of the railway and the manner in which China discharges responsibilities which she has assumed;

5. that they apprise the Chinese Government at the same time of their entire good will and readiness to assist or cooperate at any time in any practicable way with a view to conserving the railway property and assuring efficient operation in the interest of all concerned.

Further it may be added that the Japanese Government recognizing the advisability of keeping a continued watch over the management of the Chinese Eastern Railway, for which both the Japanese and American Governments have in the past supplied no small amount of funds in order that it be kept as a free avenue of the world's commerce, howbeit whenever there arises occasion for lending financial or other assistance or cooperation to the Chinese Eastern Railway the powers concerned will be guided in their action by the spirit of mutual consultation and accord, which for the last three years has so happily marked the cooperation of the Japanese and American Governments in this matter."

WARREN

861.77/2635 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *August 11, 1922—5 p.m.*

87. Your No. 135, August 9, 1 p.m., received.

Referring to Department's No. 73 of July 17, 3 p.m., American Ambassadors at London, Paris and Rome are being instructed by telegraph formally to present confidential memorandum to respective Foreign Offices. You will please take similar action.

HUGHES

861.77/2639 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, *August 15, 1922—2 p.m.*

[Received August 16—2:24 a.m.]

Fifteen thousand Chinese forces supposed to guard railway mutinied at one of the railway stations, killed commanders, looted station

and town, moved to another station, destroyed telegraph, stopping traffic. On request Chinese military commander does nothing. Mutineers are now loose in the hills without money or food but with arms and ammunition and further serious trouble will take place. Chinese forces continually beat up and rob railway employees and nothing can be done to prevent. Apparently no consideration is given by the Department to my telegram of June 30, 2 p.m. Copy furnished Peking.

STEVENS

861.77/2635 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *August 15, 1922—5 p.m.*

91. No objection is perceived to the suggestion of the Japanese Government as set forth in the last paragraph of your 135, August 9, 1 p.m. Presumably it will be embodied in the formal reply of the Japanese Government whereupon the Department will be prepared to submit it to the other Powers concerned.

HUGHES

861.77/2641 : Telegram

The Consul at Harbin (Hanson) to the Secretary of State

HARBIN, *August 16, 1922—11 a.m.*

[Received August 17—4:30 a.m.]

Recent mutiny Chinese troops Pokotu reported by Stevens and hold up of train by Russian brigands ample proof Chinese soldiers unable guard adequately Chinese Eastern Railway.

HANSON

861.77/2642 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

[Paraphrase]

HARBIN, *August 17, 1922—10 a.m.*

[Received 10:30 a.m.]

It is reported from Japanese sources that granting of control over the Chinese Eastern Railway to the mythical Government of China is approved by the Powers. I trust this report is incorrect. Russian interests would be completely betrayed by such action. The Manchurian government is Chang Tso-lin . . .

STEVENS

861.77/2640 : Telegram

The Secretary of State to the Consul at Harbin (Hanson)

WASHINGTON, *August 18, 1922—3 p.m.*

For Stevens: Your August 15, 2 p.m.

Legation Peking is being instructed by telegraph to point out to Chinese authorities how prejudicial to China's interests and her relations with other Powers is the continuance of the situation in the railway zone to which you refer. Similar action was taken with reference to your June 30, 2 p.m. . . .

HUGHES

861.77/2649 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, *August 23, 1922—5 p.m.*

[Received August 23—8:06 a.m.]

140. Your number 87, August 11, 5 p.m., received August 15th and your number 91, August 15, 5 p.m., under date of August 16. I formally communicated memorandum to Foreign Office and asked for reply and today I am in receipt of reply under date of August 22nd in exact terms of memorandum transmitted in my number 135, August 9, 1 p.m. I am sending a copy of my note and reply by mail.[80]

WARREN

861.77/2654 : Telegram

The Minister in China (Schurman) to the Secretary of State[81]

PEKING, *August 23, 1922—5 p.m.*

[Received August 23—9:40 a.m.]

349. Your 205, August 21, 3 p.m.[82] Assertion of China's unique interest in railway as located on Chinese territory, claim that agreement of Chinese Government with Russo-Asiatic Bank determines present status of the railway, insistence on right of China exclusive of all other nations to administer railway till Russia is recognized and negotiations with Russia when recognized for final settlement of the matter. Demand dissolution of Technical Board as soon as Japanese forces withdraw from Siberia.

SCHURMAN

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[80] Neither printed.

[81] Last sentence added as requested by the Minister in his telegram no. 350 of Aug. 24 (not printed).

[82] Not printed; it requested a brief outline of China's program for the Chinese Eastern Railway.

861.77/2657 : Telegram

The Ambassador in Great Britain (Harvey) to the Acting Secretary of State

LONDON, *August 24, 1922—11 a.m.*
[Received August 24—8:44 a.m.]

372. Your telegram 246 of August 11, 6 p.m.[83] I am formally advised that His Majesty's Government concur in the course of action proposed in the memorandum transmitted by your telegram 209 of July 17, 3 p.m.

HARVEY

861.77/2649 : Telegram

The Acting Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *August 28, 1922—4 p.m.*

95. Your No. 135, August 9, 1 p.m. and No. 140, August 23, 5 p.m.
Suggestion of Japanese Government is today being brought to attention of British, French and Italian Governments.

PHILLIPS

861.77/2678a : Telegram

The Acting Secretary of State to the Chargé in France (Whitehouse)

WASHINGTON, *August 30, 1922—5 p.m.*

274. Department's No. 253, August 11, 6 p.m.[83]
Inquire informally of the Foreign Office when an answer may be expected saying it is deemed very desirable to complete contemplated action and have affairs of Technical Board wound up by October 1st when withdrawal of Japanese troops may be expected to be under way. Favorable answers have been received already from Great Britain and Japan and further action waits now upon the replies of the French and Italian Governments.
Repeat to Rome as Department's No. 130.

PHILLIPS

861.77/2684 : Telegram

The Chargé in France (Whitehouse) to the Acting Secretary of State

PARIS, *September 5, 1922—1 p.m.*
[Received 4:29 p.m.]

350. My 346, September 1, 9 p.m.[84] French reply now received. It states France particularly interested on account of the amount of French capital in the Russo-Asiatic Bank which is the only stockholder of the Chinese Eastern Railway. The French Government

[83] Not printed; see telegram no. 87, Aug. 11, to the Ambassador in Japan, p. 910.
[84] Not printed.

disposed in principle to participate in any international agreement made for the purpose indicated in our memorandum. Before making official reply Foreign Office would like to know whether the words "the Powers other than China" refer to the five Powers party to the agreement of January, 1919, to the nine Powers who signed the agreements of Washington relative to China, or to the Powers who maintain today diplomatic relations with China. It does not seem to the French Government that the last alternative would be in accord with the spirit of the memorandum.

WHITEHOUSE

861.77/2684 : Telegram

The Acting Secretary of State to the Chargé in France (Whitehouse)

WASHINGTON, *September 7, 1922—4 p.m.*

278. Your No. 350, September 5, 1 p.m.

Phrase "The Powers other than China" is intended to refer to the five Powers party to the agreement of January, 1919. The additional Powers who participated in the Washington resolutions have no direct substantial interest in the matter and it appears inadvisable in the opinion of this Government to extend the basis of the 1919 agreement. The participation of the additional Powers in the discussions at Washington arose entirely fortuitously as a result of their presence in the Conference for other purposes.

Present proposals do not contemplate a new international agreement as seems to be indicated in your telegram but look merely to the presentation at Peking by the five Powers of identic notes in the sense of the memorandum already submitted.

PHILLIPS

861.77/2689 : Telegram

The Minister in China (Schurman) to the Acting Secretary of State

PEKING, *September 8, 1922—5 p.m.*

[Received September 8—10:40 a.m.]

365. My 349, August 23, 5 p.m. and 350, August 24, 9 a.m.[86] Minister for Foreign Affairs has informed me that he is advised that Department of State has held recent conversations with Japanese Embassy, Washington, relative to Chinese Eastern Railway. He appeared perturbed that Chinese Government had not also been approached and stated that he had instructed Sze to say to the Department that he expected questions affecting Chinese Eastern Railway would be taken up with Chinese Government. He asked whether I had any information relating these recent conversations. I replied in the negative.

SCHURMAN

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[86] Latter not printed.

861.77/2691 : Telegram

The Consul at Harbin (Hanson) to the Acting Secretary of State

HARBIN, *September 9, 1922—noon.*
[Received September 9—9 : 03 a.m.]

Chinese Eastern Railway officials state that meeting of shareholders scheduled Peking this fall indefinitely postponed because Chang Tso-lin objected on the ground that the railway being in Manchuria is under his sole jurisdiction. Matter considered grave. I believe only some international organ like Technical Board attached to railway can prevent it from being made plaything of Chinese militarists. Department has been informed.

HANSON

861.77/2689 : Telegram

The Acting Secretary of State to the Minister in China (Schurman)

[Paraphrase]

WASHINGTON, *September 11, 1922—5 p.m.*

218. Legation's 365 of September 8, 5 p.m. Immediately after the Washington Conference China was invited in a most friendly manner to consider the problem of the Chinese Eastern, but she seemed to show no disposition toward international cooperation. At your discretion you may point this out to the Minister for Foreign Affairs, referring to our telegrams 22 of February 3, 7 p.m.,[87] and 52 of March 7, 4 p.m.,[88] and to the Legation's telegrams 89 of March 8,[89] and 118 of March 25, 1 p.m.[90] The other Powers are interchanging views at present. In due time communication will be made to the Chinese Government.

The Embassy in Japan has doubtless advised you regarding the nature of the proposed action. When answers have been received from France and Italy you will be completely informed. Concurrence has already been received from the British and Japanese Governments.

PHILLIPS

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[87] *Ante*, p. 882.
[88] *Ante*, p. 888.
[89] Not printed.
[90] *Ante*, p. 889.

861.77/2693 : Telegram

The Ambassador in Great Britain (Harvey) to the Acting Secretary of State

LONDON, *September 11, 1922—6 p.m.*
[Received September 11—1:55 p.m.]

398. Your number 264, of August 28, 3 p.m. via Paris.[91] British Government concurs in the suggestion of the Japanese Government.

HARVEY

861.77/2758

The Chief of the Division of Russian Affairs (Poole) to the Secretary of State

[WASHINGTON,] *September 28, 1922.*

MR. SECRETARY: The Chinese Minister called at the Department yesterday and brought to the attention of Mr. Lockhart and myself the publication in the *Philadelphia Public Ledger* of statements respecting the purpose of the United States and other Powers to take action in the immediate future concerning the Chinese Eastern Railway. It was explained to the Minister that nothing whatever on this subject had been given out from the State Department; that in all probability the article in question was written by some newspaper man who had a general familiarity with the situation and who had received newspapers from Japan containing the "leak" concerning the Chinese Eastern, which had occurred about a month ago.

The Minister said also that he had had urgent telegrams from the Foreign Office at Peking directing him to ascertain what negotiations were in progress and to present to this Government the declaration which he had received some time ago, reported in my memorandum of September 14.[92] This declaration was to the effect that China would not recognize any agreement entered into secretly by Japan and the United States affecting the Chinese Eastern Railway.

Mr. Lockhart and I renewed to the Minister the assurances given him on an earlier occasion that there was nothing in the negotiations now in progress with respect to the Chinese Eastern which could be considered detrimental to China's interests or in contravention of the third of the Chinese ten points, which calls for the inclusion of China in all treaties and agreements relating to China. We told him that his Government would be informed in due course of the action proposed but that we could not give him information on this subject

[91] Not printed; see telegram no. 95, Aug. 28, to the Ambassador in Japan, p. 913.
[92] Not printed.

officially while the concurrence of certain Powers yet remained to be given. We advised him unofficially and personally, however, of the general nature of the action which the United States had proposed.

Respectfully,

D. C. POOLE

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861 A.01/364 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, *October 1, 1922—1 p.m.*

[Received October 1—11 : 04 a.m.]

Your Sept. 29, 6 p.m.[93] Japanese Army completed evacuation Chinese Eastern zone September 26th excepting about eight of a military mission.

STEVENS

861.77/2754 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, *October 2, 1922—4 p.m.*

[Received October 3—10 : 13 a.m.]

It seems to be well established that the Moscow envoy extraordinary now in Peking will shortly have a conference with the Chinese Government to dispose of Chinese Eastern Railway between themselves.

The Chinese Government assuming authority under section 3, Radio Resolution, Washington Conference,[94] has seized Russian radio station at Harbin.

STEVENS

861.77/2762b : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, *October 5, 1922—5 p.m.*

303. Department's 253, August 11, 6 p.m.[95] and subsequent telegrams.

It is desired that you now make formal representations to the French Government, leaving with the Foreign Office a written memorandum in the following sense:

The Government of the United States is informed that the Japanese troops previously stationed in the Chinese Eastern Railway zone were withdrawn on September 26 last and that the withdrawal of Japanese troops from the mainland of Siberia is proceeding with

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[93] Not printed.
[94] *Ante*, p. 293.
[95] Not printed; see telegram no. 87, Aug. 11, to the Ambassador in Japan, p. 910.

such regularity as to warrant the expectation that evacuation will be completed before the end of the present month.

Under the provisions of the 1919 agreement, paragraph 5, general supervision of the Trans-Siberian and Chinese Eastern Railways is to cease upon the withdrawal of the foreign military forces from Siberia and all foreign railway experts appointed under the agreement are to be recalled forthwith.

In anticipation of the events indicated above the Government of the United States on August 11 submitted to the French Government, as well as to the other governments concerned, proposals for a common course of action in winding up the Interallied Committee and the Technical Board pursuant to the terms of the 1919 agreement and in giving effect the resolutions respecting the Chinese Eastern Railway adopted at the Washington Conference.

The Governments of Great Britain and Japan have formally made known their concurrence in these proposals. The French Government has expressed its concurrence in principle but requested further information on one point. This information was furnished September 7.

Having regard to these circumstances and to the pressing need for final action created by the progress of events with respect to the Chinese Eastern Railway and the withdrawal of the last of the foreign military forces, the Government of the United States now ventures to express the hope that the French Government will give its formal adherence to the proposals in question within the very near future. End of memorandum.

Repeat foregoing to London as Department's 299 with instructions to communicate to the British Foreign Office informally for its information. Tokyo Foreign Office is also being informed.

[Paraphrase.] Italy has not yet concurred but its participation in the concerted action proposed, although highly desirable, is not thought to be necessary since the Italian Government no longer has a representative on the Technical Board. [End paraphrase.]

HUGHES

861.77/2658

The Secretary of State to the Minister in China (Schurman)

No. 240 WASHINGTON, *October 7, 1922.*

SIR: Please refer to your telegram No. 292, of July 1, 1922,[96] concerning the tariff agreement between the Chinese Eastern and South Manchuria Railways. You report that following the receipt of Mr. John F. Stevens' telegram of June 30[97] you presented the matter to the Chinese Foreign Office and called attention to the alleged violation of the open door principle.

The Department has given careful consideration to Mr. Stevens' telegrams of June 30,[97] July 8,[98] July 12[99] and August 3, 1922,[99] all

[96] *Ante*, p. 901.
[97] *Ante*, p. 900.
[98] *Ante*, p. 903.
[99] Not printed.

of which appear to have been repeated to the Legation. It has also examined the document furnished the Embassy at Tokyo by Mr. Kibe, of the South Manchuria Railway, purporting to give the substance of the conference between the two railways and upon which the tariff agreement is understood to have been based. The document was enclosed in Ambassador Warren's despatch No. 296, of July 28, 1922,[99a] a copy of which is presumed to have been supplied the Legation.

While the force of Mr. Stevens' argument against the agreement is recognized, especially with reference to the probable decline in export traffic through Vladivostok and a corresponding increase in the movement of freight via Changchun over the South Manchuria Railway's lines, the Department is unable at this time to find any ground upon which a protest can properly be based. There is nothing to indicate discrimination against American interests, for it is presumed the rates are to be the same for all shippers, regardless of nationality. Moreover, it would appear that Vladivostok will continue to be accessible as a port of shipment for north Manchurian products although not under such favorable tariff arrangements as in the past. It is recognized, however, that in practical operation the new tariff arrangement may develop conditions, not as yet apparent, which may be harmful to American business interests, or in some way contravene the spirit of the open door policy.

In view of this possibility the Department feels that the Legation should assume a noncommittal attitude with regard to the new tariff arrangement, pending its actual working out in practice. Without resorting to formal action of any sort, you will endeavor, when a suitable opportunity presents itself, to let the Chinese Government understand that this Government may later desire to protest against the agreement should it appear that American interests are being discriminated against or the open door policy otherwise infringed.

I am [etc.] CHARLES E. HUGHES

861.77/2769 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, *October 13, 1922—5 p.m.*
[Received October 13—1:58 p.m.]

398. Note just received from Foreign Office, dated October 11th gives formal adherence of French Government to your proposals regarding Chinese Eastern Railway.

HERRICK

[99a] Not printed.

861.77/2769 : Telegram

The Secretary of State to the Ambassador in France (Herrick)[1]

WASHINGTON, *October 13, 1922—7 p.m.*

311. Your 398, October 13, 5 p.m.

Repeat following to London as Department's 312 for action and to Rome as Department's 147 for information and take at Paris action similar to that outlined for London.

"Advise Foreign Office that the French Government has now given formal adherence to the proposals contained in this Government's memorandum of last August concerning the termination of Allied supervision of the Chinese Eastern Railway.[2] No reply has been received from Italy, but it is felt that final arrangements cannot longer be delayed in view of the impending completion of the evacuation of the Siberian mainland. The following common course of action is therefore proposed:

(1) Each Government to instruct forthwith its representative on the Inter-Allied Committee and Technical Board to wind up those organizations on October 31 next or as soon thereafter as possible and to withdraw all foreign railway experts appointed under the 1919 Agreement;

(2) Each to instruct its diplomatic representative at Peking to present to the Chinese Foreign Office on October 31 a note in the sense outlined in this Government's memorandum of last August, these notes to be similar in purport but not necessarily identical; and

(3) To give publicity to the foregoing action at the respective capitals on the same day.

If before October 31 a favorable reply is received from Italy, that Government will of course be asked to join in the same course of action.

Telegraph as promptly as possible whether Foreign Office agrees with the foregoing. As soon as there is general agreement and provided a reply to the original proposals has not in the meantime been received from Italy, that Government will be apprised of the decision of the other four Powers to act in any event on October 31."

HUGHES

861.77/2772 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, *October 17, 1922—2 p.m.*

[Received October 17—10:22 a.m.]

172. Your number 115, October 13, 7 p.m.[3] received October 16th. I have communicated foregoing to the Foreign Office and have taken

[1] The same in substance to the Ambassador in Japan as no. 115 (file no. 861.77/2770a).

[2] See telegram no. 209, July 17, to the Ambassador in Great Britain and telegram no. 87, Aug. 11, to the Ambassador in Japan, pp. 905 and 910, respectively.

[3] See telegram to France, *supra*.

up matter in conversation with Minister for Foreign Affairs. He informally agreed to the proposed course of action without waiting for reply from Italy stating that a formal reply would be made within a few days. At the same time he delivered to me the following memorandum dated September [*October*] 16.

"It is provided in clause 5 of the Inter-Allied agreement of 1919 for the supervision of the Chinese Eastern and the Trans-Siberian Railways that the said agreement shall be terminated upon the withdrawal of the foreign military forces from Siberia and that all the foreign railway experts appointed under that agreement shall then be recalled forthwith.

As the Japanese expeditionary force which is the last of the Allied forces to leave Siberia is scheduled to complete their evacuation at the end of October the Imperial Government are desirous that the closing of the various organizations created by the said agreement and the recall of the railway experts of the different countries should be effected as far as possible simultaneously with the completion of the evacuation. It is therefore desirable that the Allied Governments should give instructions at an early date to their respective railway experts to proceed forthwith to the winding up of their business so that they may be able to leave their post immediately after the date of the completion of the evacuation and that these instructions should contain a specific direction for the preparation of a full report signed by the respective representatives on the settlement of the common aid fund which should be completed before the closing of the Technical Board".

The memorandum was accompanied by a copy of a telegraphic instruction to be sent by the Foreign Office to Mr. Hori, head of Diplomatic Mission in Vladivostok, and to Mr. Watanabe, Japanese member of the Technical Board. The telegraphic instruction recites that the foregoing memorandum has been delivered to me, gives the substance of the memorandum, and then instructs the taking of all proper steps in the matter, having particular regard to the following specific instructions:

"1. Members of the Technical Board and other officers in charge shall be ordered home immediately after the termination of the agreement excepting only those required for the winding up of business.

2. Japan's contribution to common aid fund to the amount of yen 6,700,000 having been placed at the disposal of the chairman of the Technical Board the Japanese Government have no knowledge of the way in which it was spent. It being now necessary to have a detailed account of the disbursements made out of said sum, classifying the expenditures under the head of the Chinese Eastern Railway, the Siberian Railway and the Ussuri Railway, Mr. Watanabe of the Technical Board shall request such an account of the chairman of the Board.

3. Duplicates of the minutes of the proceedings and other papers of Inter-Allied Committee and the Technical Board, signed by the

chairman of the Committee, the chairman of the Technical Board or the Chief Secretary should be forwarded to each of the Governments concerned.

4. It shall be submitted to the Inter-Allied Committee whether the arrears of the military transportation fees shall be left unpaid, each of the Governments concerned holding it in security for the common aid fund.

You shall be advised later as to the manner of disposition of the land, buildings, and other articles paid for out of the emergency appropriation and the emergency military appropriation."

I will advise Stevens of the substance of your [*the*] above and give him the gist of the instructions of the Japanese Government to its member of Technical Board.

WARREN

861.77/2772 : Telegram

The Acting Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *October 19, 1922—4 p.m.*

121. Your 172, October 17, 2 p.m.

Consul at Vladivostok who is acting as American representative on the Inter-Allied Committee should also be kept informed of the progress of liquidation and should be instructed to keep in close touch with Stevens in that connection.

Ask Stevens to telegraph the Department brief comment on the Japanese memorandum and instructions particularly point 4 of the latter concerning proposal to withhold payment of military transportation accounts.

PHILLIPS

861.77/2776 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, *October 24, 1922—11 a.m.*

[Received October 24—10 a.m.]

424. Foreign Office agrees to proposals contained in Department's telegram 311, October 13, 7 p.m., and states that the necessary instructions will be sent to its Missions at Peking and Tokio as soon as this Embassy informs it of the adhesion of the British and Japanese Governments.

HERRICK

861.77/2780 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

ROME, *October 24, 1922—10 p.m.*
[Received October 25—4:32 a.m.]

203. Department's 119, August 11, 6 p.m.;[4] 128, August 28, 3 p.m.;[5] and 147, October 13, 7 p.m.[6] Ministry of Foreign Affairs states that the Italian Government adheres to the proposals contained in the memorandum of the first instance (Department's 119, August 11, 6 p.m.) for the cessation of the Inter-Allied Committee and of the technical office instituted by the Inter-Allied railway agreement of January, 1919, and to the common action between the Powers interested in regard to the control and operation of the Oriental Trans-Siberian Railway.

CHILD

861.77/2781 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, *October 25, 1922—noon.*
[Received October 25—6:15 a.m.]

176. Under date of October 24th Count Uchida gave formal consent to proposals contained in your 115, October 13, 7 p.m.[7] The note after accepting our proposals states, "I beg to state in addition that the Japanese Government desire that the points contained in the memorandum which I handed you on October 16 be deemed supplementary to insofar as they can be made compatible with the American proposals above referred to".

The memorandum referred to was forwarded in my 172, October 17, 2 p.m. In my 172 the date was given as September 16, although it was handed me on October 16th. This was a mistake in the Foreign Office and the memorandum should be referred to as dated October 16th.

WARREN

861.77/2781 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, *October 26, 1922—6 p.m.*

323. Department's 312 via Paris.[8] French and Japanese Governments have expressed concurrence in this Government's proposal to

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[4] Not printed; see telegram no. 87, Aug. 11, to the Ambassador in Japan, p. 910.
[5] Not printed; see telegram no. 95, Aug. 28, to the Ambassador in Japan, p. 913.
[6] See telegram no. 311, Oct. 13, to the Ambassador in France, with instruction to repeat to Rome as no. 147, p. 920.
[7] See footnote 1, p. 920.
[8] See telegram no. 311, Oct. 13, to the Ambassador in France, with instructions to repeat to London as no. 312, p. 920.

wind up Interallied Committee and Technical Board on October 31st. Please draw matter to attention of Foreign Office and endeavor to expedite its reply.

Referring to Department's 209, July 17, 3 p.m.,[10] inform Foreign Office and repeat to Paris as Department's No. 339, that Department has just been advised of Italian Government's concurrence in proposals outlined in original memorandum.

HUGHES

861.77/2780 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, *October 26, 1922—7 p.m.*

156. Your 203, October 24, 10 p.m.

You will advise Foreign Office as indicated in Department's No. 147, via Paris,[11] omitting references in text to Italy's failure to reply and adding that the Governments of Japan and France have already expressed their concurrence in this Government's proposal to wind up Inter-Allied Technical Board on October 31.

HUGHES

861.77/2772 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *October 26, 1922—7 p.m.*

126. Your 172, October 17, 2 p.m. and Department's 73, July 17, 3 p.m.[12]

Advise Foreign Office Italian Government has just expressed its concurrence in original proposal also that French Government concurs in proposal to wind up international control October 31.

HUGHES

861.77/2785 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, *October 27, 1922—3 p.m.*

[Received 8:16 p.m.]

In regard to the instructions forwarded to Japanese representative Technical Board by the Japanese Minister for Foreign Affairs[13] points 1 and 2 all right. Point 3 all right so far as minutes of the

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[10] *Ante*, p. 905.
[11] See telegram no. 311, Oct. 13, to the Ambassador in France, p. 920.
[12] *Ante*, pp. 920 and 907, respectively.
[13] See telegram no. 172, Oct. 17, from the Ambassador in Japan, p. 920.

proceedings are concerned but as to other papers no, too indefinite, impossible. Point 4 seems wrong as it was always understood expenditure Allied funds was to be a charge against future Russian Government. I hear that Inter-Allied Railway Committee held its final meeting on October 24th and dissolved itself and subcommittees. I am awaiting instructions from the Department as to the Technical Board. Copy furnished Tokio.

STEVENS

861.77/2786a : Telegram

The Secretary of State to the Minister in China (Schurman)[14]

WASHINGTON, *October 27, 1922—4 p.m.*

253. You are instructed to address to the Chinese Foreign Office on October 31 next the note quoted below. It is understood that your British, French, Japanese and Italian colleagues will present on the same day notes of similar purport but not identical.

Note follows:

"I have the honor to inform you, by direction of my Government, that, in view of the final withdrawal from the Siberian mainland of Allied troops, the representatives of the United States on the Interallied Committee at Vladivostok and the Technical Board at Harbin have been instructed to proceed, in concert with their colleagues on those bodies, to the winding up of the affairs of each organization and the termination today of further activity.

In conveying this information to the Government of China I am directed to say that the United States confirms the resolution with respect to the Chinese Eastern Railway adopted by the nine Powers at the Washington Conference and the further resolution on the same subject adopted by the Powers other than China.

The first resolution reads:

'*Resolved*, That the preservation of the Chinese Eastern Railway for those in interest requires that better protection be given to the railway and the persons engaged in its operation and use, a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property.

That the subject should immediately be dealt with through the proper diplomatic channels.'

The second resolution reads:

'The Powers other than China in agreeing to the resolution regarding the Chinese Eastern Railway, reserve the right to insist hereafter upon the responsibility of China for performance or non-performance of the obligations towards the foreign stockholders, bondholders and creditors of the Chinese Eastern Railway Company which the Powers deem to result from the contracts under which the railroad was built and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad.'

[14] See penultimate paragraph for instructions to repeat to Stevens at Harbin.

With special reference to the second resolution the United States reserves to itself all rights including those with respect to advances in money and material which have been made by it in aid of the Chinese Eastern Railway, either directly or through the medium of the Interallied Committee or the Technical Board.

The Government of the United States takes this occasion also to reaffirm its concern in the preservation of the Chinese Eastern Railway with a view to its ultimate return to those in interest without the impairing of any existing rights, as well as its continued interest in the efficient operation of the railway and its maintenance as a free avenue of commerce open to the citizens of all countries without favor or discrimination.

Having regard to its concern in these matters and to the important contributions which it has made to the maintenance and operation of the railway during the past four years, both materially and through the services of the distinguished American engineer Mr. John F. Stevens and his assistants, the Government of the United States will not fail to continue to observe carefully the administration and operation of the railway and the manner in which the Government of China discharges the obligations which it has assumed.

At the same time the Government of the United States desires to assure the Chinese Government of its friendly interest and good will and its readiness to assist or cooperate with the Government of China and the other Powers concerned at any time in any practicable way with a view to conserving the railway and assuring its efficient operation in the interest of all concerned.

Accept, etcetera."

Copy of foregoing will be given to the Chinese Minister at Washington October 30 and to the press for publication October 31.

Repeat at once to Stevens and to the Consul at Vladivostok for their confidential information and convey to them the Department's instruction to arrange without delay with their colleagues on the Technical Board and the Interallied Committee respectively for the immediate cessation of further activities and the earliest possible winding up of the affairs of the two organizations. It is understood that their colleagues will receive similar instructions from their respective governments.

Repeat all of foregoing to Tokyo as Department's 128 for information and apprise Embassy of the Department's desire that it should at once furnish a copy of the proposed American note to the Japanese Foreign Office informally for its confidential information.

HUGHES

861.77/2786b : Telegram

The Secretary of State to the Ambassador in France (Herrick)[15]

WASHINGTON, *October 27, 1922—4 p.m.*

341. Department's 339 via London.[16]

Advise Foreign Office informally that the American representatives on the Interallied Committee at Vladivostok and the Technical Board at Harbin have now been instructed to arrange with their colleagues for the immediate cessation of further activities and the earliest possible winding up of the affairs of those two organizations and that the American Minister at Peking has been instructed to present the following note to the Chinese Foreign Office on October 31.

[Here follows text of note contained in telegram no. 253, Oct. 27, to the Minister in China, printed *supra.*]

The text of the note will be given to the press at Washington on the same day.

Express the hope that similar instructions will be given to the French representatives in time to assure complete concert of action.

Repeat to London as Department's 327 and Rome as Department's 157 for similar action.

HUGHES

861.77/2781 : Telegram

The Acting Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *October 30, 1922—4 p.m.*

129. Your 176, October 25, noon and 172, October 17, 2 p.m.

You may inform Foreign Office that this Government concurs in points 1 and 2 of the instructions to the Japanese representative on the Technical Board and in the proposed distribution of copies of the minutes and of other papers so far as it may be important and practicable to furnish these latter. This Government believes that point 4 should be made a subject of further discussion and proposes to submit observations on the matter through you within the near future.

You should also say to the Foreign Office that the Department regrets that, in view of the brief interim, which remained it was not practicable to communicate to the other Powers the suggestions of

[15] See last paragraph for instructions to repeat to Rome as no. 157.

[16] See telegram no. 323, Oct. 26, to the Ambassador in Great Britain, p. 923.

the Japanese Government. If it is deemed still desirable that this be done the simplest procedure would seem to be for the Japanese Government to make this communication itself. It is at liberty in doing so to advise the other Powers of the attitude of the American Government as stated above.

Repeat first [*second*] paragraph of this telegram to Stevens for his information and guidance.

PHILLIPS

861.77/2798 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *October 31, 1922—4 p.m.*
[Received 7 : 32 p.m.]

432. Your 253, October 27, 4 p.m. Note delivered to Foreign Office today. British, French and Japanese Legations also delivered notes of similar purport. Italian Legation will join in representations as soon as instructions are received from Rome.

SCHURMAN

861.77/2799 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, *November 1, 1922—4 p.m.*
[Received November 2—12 : 04 a.m.]

Your October 27, 4 p.m. through Peking. Final meeting this day abolished Technical Board and all matters will be completed as soon as possible. Since October 15th we have had no direct communication with Vladivostok which is delaying settlement of details. Inter-Allied committee dissolved itself October 24th. Copy furnished Peking.

STEVENS

861.77/2804a : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, *November 7, 1922—5 p.m.*

134. Department's No. 129, October 30, 4 p.m.

If Japanese Government does not object to delay Department would prefer awaiting Stevens' arrival in Washington before giving final consideration to point 4 of Japanese instructions stated in your No. 172, October 17, 2 p.m. If Stevens passes through Tokyo please consult with him on subject acquainting yourself fully with the facts.

HUGHES

861.77/2806 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, *November 9, 1922—1 p.m.*
[Received November 9—3:30 a.m.]

190. Your 134, November 7, 5 p.m. Uchida informed me today the Japanese Government has no objection to delay pending Stevens' arrival Washington.

WARREN

861.77/2829 : Telegram

The Chargé in Italy (Gunther) to the Secretary of State

ROME, *November 17, 1922—1 p.m.*
[Received 1:25 p.m.]

229. Department's 157, October 27, 4 p.m.[17] Foreign Office states under date of October [*November*] 15th that, confirming the declaration transmitted in the Embassy's number 203, October 24, 10 p.m., the Italian Government adheres to the program of action proposed by the Government of the United States and has already instructed its Minister at Peking to act accordingly.

GUNTHER

861.77/2850 : Telegram

The Former President of the Technical Board (Stevens) to the Secretary of State

HARBIN, *November 23, 1922—4 p.m.*
[Received 4:47 p.m.]

I am leaving to-day for Peking on first lap of going to the United States. Secretary of Technical Board will remain short time to close up details. Any instructions should be sent to Harbin in my name which if necessary will reach me Peking through the secretary who retains code.

STEVENS

861.77/2921

The Minister in China (Schurman) to the Secretary of State

No. 1176 PEKING, *November 27, 1922.*
[Received December 27.]

SIR: With further reference to the Department's telegram No. 253 of October 27, 4 p.m., 1922, containing the text of a note for delivery to the Ministry of Foreign Affairs on October 31st regard-

[17] See footnote 15, p. 927.

ing the affairs of the Chinese Eastern Railway, I have the honor to transmit herewith for the Department's information a copy of the reply thereto from the Minister for Foreign Affairs, dated November 25, 1922.

I have [etc.] JACOB GOULD SCHURMAN

[Enclosure—Translation]

The Chinese Minister for Foreign Affairs (Wellington Koo) to the American Minister (Schurman)

No. 307 [PEKING,] *November 25, 1922.*

SIR: The receipt is acknowledged of Your Excellency's note (No. 213) dated October 31st, 1922, regarding the termination of the Inter-Allied Committee and the Technical Board. On receipt thereof this Ministry communicated the matter to the Ministry of Communications for consideration and reply. A communication has now been received stating as follows:

"Since the Washington Conference this Government has exercised very great care in the selection of the officials of the Chinese Eastern Railway. Also, as regards the Russians employed on the railway, those employed as Superintendents and engineers and above are recommended by the Board of Directors, and also their qualifications must be carefully examined by this Ministry in order to determine whether or not they are competent before they are appointed. As regards the expenses of the railway, this Ministry has several times written to the Director General that he should see to it that the entire expenses of the road should be comprised in the budget, and that all expenditures which might be reduced and all work except the most urgent should be examined and reduced. During the present year the total saving in expense amounted to Rubles 3,857,000. The budget for the present year compared with last year shows a saving in expenditures of 13 per cent. Moreover the business of the railway since its reorganization has increased daily. Not only have very gratifying results been achieved in the technical and financial phases of the railway, but the rolling stock for the conveyance of goods and passengers has been sufficient to meet the demands of the traffic. Moreover, the average speed of trains has been increased; the locomotives and rolling stock during the year travelled a greater distance; the horse-power of the locomotives and the carrying capacity of the freight cars was increased; delays and accidents decreased; passenger cars and stations were thoroughly repaired and cleaned. These are all evidences of progress. As a consequence the business of the Railway has increased daily. The net profit for the year 1921 amounted to Rubles 2,030,875, as compared with an estimate of Rubles 9,708. This is an increase of Rubles 2,021,167.

In addition to the above, the methods for protection of the railway were also considered, and the Commander-in-Chief for the Protection of the Railway has taken strict and adequate measures for the protection of the entire line."

This Ministry has to state that at the Washington Conference last year, the Chinese delegates stated that the legal position of the Chinese Eastern Railway had been clearly stated in the various agreements made between China and Russia. As to the trust, the extent of the responsibilities which China assumed were merely those which were formerly exercised by the former Russian Government according to its agreements with China, and which are now exercised by China as a provisional measure because of the absence of a formally recognized Russian Government.

Being now in receipt of the reply from the Ministry of Communications, I have the honor to communicate it to Your Excellency and would request that you will kindly take note thereof.

With compliments.

SEAL OF THE MINISTRY OF FOREIGN AFFAIRS

861.77/3041

Memorandum by Mr. Douglas Jenkins of the Division of Russian Affairs, Department of State

[WASHINGTON,] *December 20, 1922.*

DECLARATIONS AND NOTES FROM SOVIET RÉGIME TO CHINA, WITH PARTICULAR REFERENCE TO THE STATUS OF THE CHINESE EASTERN RAILWAY

July 25, 1919—Declaration from the People's Commissar for Foreign Affairs. This is frequently referred to in subsequent notes, but so far we have not succeeded in finding a copy. It is spoken of as a declaration or " open letter " to the people of China and probably was sent by wireless. Declaration is understood to have expressed Russia's willingness to abrogate all treaties entered into between China and former Czarist Government, and to open negotiations with a view to restoring former friendship. (My recollection is that this declaration actually renounced extraterritorial rights, also territorial and other special privileges acquired under former treaties.)

October 2, or September 27, 1920 (761.93/212)—Karakhan [17a] delivered a note to the Chinese General Chang Sze-ling, then in Moscow, together with a covering letter. This note states that the declaration of July 25, 1919, is confirmed and its principles adhered to, that the Soviet Government engages itself to renounce all treaties concluded between the former Russian Imperial Government and China, and to make unconditional return to China of all the rights, concessions and leased territories acquired either by Russian capitalists or by the Czarist Government in China, that the two

[17a] Soviet Vice Commissar for Foreign Affairs.

republics shall endeavor, as far as possible, to restore their former economic and commercial relations, and forthwith conclude a special treaty on the basis of the most favored nation principle, that Russians residing in China shall be subject to Chinese laws and regulations, the same to apply to Chinese in Russia, etc., etc.,—finally, that China and the Soviet Government shall agree to negotiate a special arrangement providing for the use of the Chinese Eastern Railway by Russia, and that when this agreement is made the Far Eastern Republic shall also be a party to it.

NOTE. China does not appear ever to have acknowledged or ratified these proposals, in any way.

Izvestia, November 4, 1920—published an article by Jansen, of the Far Eastern Republic, reviewing Karakhan's proposals of October 2, 1920 (or September 27). Jansen admits the original principles of 1919 were developed in more detail in the note of 1920, and in reference to the Chinese Eastern Railway uses this language:

"With respect to the question of the use of the Chinese Eastern Railway, which is being transferred to China, it is proposed to conclude a special agreement with the participation of the Far Eastern Republic. . . . Such in general are our proposals to the Chinese Government. It goes without saying that this general outline will have to be developed and supplemented by a whole series of agreements on separate questions when relations are actually established."

September 19, 1922 (861.77/2792)—Joffe addresses note to China protesting against proposed meeting of stockholders of the Chinese Eastern Railway on the grounds that such a meeting is "illegal and without treaty sanction".

October 14, 1922 (761.93/269)—Joffe acknowledges China's note of September 25, and then goes on to explain that Russian troops are in Mongolia at the request of the Mongolian people, that their presence is in the real interests of China and that they cannot be withdrawn so long as China allows White movements to be organized in China and the Chinese Eastern Railway territory—Joffe protests against China's failure to prevent such "misdeeds" and demands categorically that a stop be put to these "White" movements.

October 19–November 3, 1922 (861.77/2866–2905)—Joffe addresses additional notes of protest in regard to conditions on Chinese Eastern Railway, which he declares "will be one of the weightiest questions to be taken up at the forthcoming Russo-Chinese conference." He suggests a special commission of inquiry by China into the Chinese Eastern Railway affairs. He also demands that general Manager Ostrougoff be dismissed and tried for his crimes of mismanagement and declares that:

"as a matter of fact, the Russian Government alone has the right practically to interfere, being more than any other Government con-

cerned with the future of this Railway, since it was built with the Russian people's funds and is Russian property until Russia on her own free will decides to confer elsewhere her right of ownership."

He ends by warning China that her attitude on these suggestions may be the decisive factor in determining Russia's policy in the forthcoming negotiations between the two countries.

November 6, 1922 (761.93/273)—Joffe addressed still another note to China in regard to the Chinese Eastern Railway. Among other things he said:

"However, with a view again to avoiding any misunderstanding whatsoever, the Extraordinary Plenipotentiary Envoy of the Russian Socialist Federated Soviet Republic to the Republic of China deems it necessary at the same time to stress that, on the one side, it was quite wrong to draw the inference from these declarations that Russia renounces all her interests in China.

"By these declarations Russia has renounced the predatory and violent policy of the Czar's Government and promised to renounce those rights which had accrued to Russia from this policy. But first, until all these questions will have been settled on a free accord between Russia and China, Russia's rights in China will not have lost their strength, and secondly, these declarations do not at all annul Russia's local and just interests in China.

"In particular, for instance, even if Russia vests in the Chinese people her title to the Chinese Eastern Railway, this will not annul Russia's interests in this line, which is a portion of the Great Siberian Railway and unites one part of the Russian territory with another.

"On the other hand, the Extraordinary Plenipotentiary Envoy of the Russian Socialist Federated Soviet Republic deems it likewise necessary to emphasize that the promises stipulated in these declarations of 1919 and 1920, which the Workers' and Peasants' Government still recognizes as binding it today, cannot after all be valid forever, and that, therefore, unless the Chinese Government discontinues its ignoring of Russian interests, Russia will, perhaps, after all be obliged to consider herself free from these promises which she has voluntarily given."

It is interesting to observe the change in tone of these declarations. In the beginning they are extraordinarily friendly to China and give the impression that the Soviet Government is so anxious to restore friendly relations and win China as an ally that it is prepared to renounce all Russian rights and interests in China, including extraterritoriality, concessions (the Chinese Eastern Railway?) and other special privileges. Later, however, when the Moscow régime had become stronger and had seized Mongolia in a more arbitrary manner than the Czar's Government would have dared to do, the attitude changes and the communications are almost threatening to China.

The Mongolian situation is not unlike that of the Chinese Eastern Railway, and since Moscow has not hesitated to invade Mongolia, it is quite within the realm of possibility that similar steps are being considered with regard to the Chinese Eastern. In this connection Consul Hanson's despatch of November 15, 1922 (I.B. 861.77/2903)[18] is interesting. The Consul reports that he has learned through Russian sources that the Soviet régime had decided to invade the railway zone by force of arms, but later abandoned this plan temporarily. The Consul adds that Joffe is said to favor the plan, but Ozarnin, the Soviet agent at Harbin, advocates gaining control of the line by peaceful penetration—that is, by gradually forcing out the present Russian officials and filling their places with Soviet henchmen.

It will be recalled that Major Faymonville in a personal letter[18] mentions a possible Soviet invasion of the railway zone, and expresses the opinion that the Moscow régime has sufficient troops in the Far East for the purpose. Furthermore, in a recent telegram from Harbin, Consul Hanson mentions a report of a demand having been made by Moscow on China for the return of the former Russian radio station at Harbin.

DOUGLAS JENKINS

AMERICAN AND BRITISH GOOD OFFICES IN THE NEGOTIATION OF THE SHANTUNG TREATY BETWEEN CHINA AND JAPAN, SIGNED AT WASHINGTON FEBRUARY 4, 1922[19]

793.94/1226a : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *November 25, 1921—7 p.m.*

303. Following an exchange of views between us, Mr. Balfour[20] and I together consulted separately with Admiral Baron Kato of the Japanese Delegation and with the Chinese Minister, explaining to each that while we were neither of us opposed to the Shantung question being brought before the Conference we were in complete accord in feeling very strongly that the presentation of this question to the Conference by China would almost inevitably evoke from Japan such a statement as would not only prevent the consideration of the matter by the Conference but gravely impair all hopes of an amicable solution of the question. We therefore urged that it

[18] Not printed.

[19] For previous correspondence concerning Shantung, see *Foreign Relations*, 1921, vol. I, pp. 613 ff.; see also *ante*, pp. 339 ff.

[20] Arthur J. Balfour, member of the British delegation at the Conference on the Limitation of Armament.

would be most desirable if the representatives of China and of Japan were to resume here the discussion of the question; and we suggested that to that end both Mr. Balfour and myself would be prepared to use our good offices in any way that might be acceptable to the two parties in order to assist towards a just and permanent resolution of the question.

In response to a question from the Chinese Minister we also suggested that it would seem entirely appropriate and desirable that any solution arrived at between the two parties should be communicated to and duly noted by the Conference.

You will please take the earliest possible occasion to impress upon the Minister for Foreign Affairs with the utmost earnestness that as disinterested observers regarding with impartial friendliness the interests of both China and Japan and concerned only in the sense of desiring heartily to assist towards the attainment of an equitable and durable understanding on this subject, Mr. Balfour and I alike feel that the only practicable way to obtain that result is by a renewal of the recent discussions between the Chinese and Japanese Governments which appear to have been discontinued at a moment when the substantial points of difference seemed in fact to have been narrowed to a small margin; and that failure to proceed further along these lines could not but have a most unhappy effect in making difficult or even impossible a resolution of the situation which has come to exist with respect to the Shantung question. It is hoped that the Chinese Government will perceive the wisdom of authorizing further discussions of this subject collaterally to the Conference.

I am communicating to the Chinese Minister a paraphrase of the present instruction.

[Paraphrase.] You are informed in strict confidence that the British Foreign Office has been requested by Balfour to give instructions to the British Minister in China similar to those you are receiving in this telegram. [End paraphrase.]

HUGHES

793.94/1227 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *November 27, 1921—9 p.m.*

[Received 10:10 p.m.]

423. Your 303, November 25, 7 p.m., received today. Immediately arranged for afternoon conference Minister for Foreign Affairs. I earnestly presented matter as instructed dwelling on the gravity of

the situation and pointed to only way out suggested by you and Mr. Balfour as impartial friendly observers with no interest except desiring heartily assist in bringing about equitable and durable readjustment of the question.

Minister for Foreign Affairs said he was very solicitous that you and Mr. Balfour should recognize the desire of the Chinese Government to be reasonable and conciliatory and also sincerely anxious to make Conference successful. Chinese Government desired to see Shantung matter disposed of but could not defy united sentiment of Chinese people although the Government had warned people not to expect too much. He hinted at possibility of Government inducing people to accept something short of absolute demands hitherto made.

With regard to continuance of Chinese-Japanese discussions direct to [*collaterally with?*] the Conference, Minister for Foreign Affairs said Chinese Government would not oppose and would authorize if they could be initiated without sacrificing Chinese self-respect and dignity. As China had made last communication it was now for Japan to take the initiative. China could not do anything without that start. Twice he remarked " there must be an occasion ".

I pointed out that you and Mr. Balfour were ready to use your good offices in any way acceptable to both parties, and I asked frankly what specifically he would like you to do. He replied that as the Chinese and Japanese Governments had taken different positions and the former had made the last communication, if Japan now indicated that she would make some concession an occasion for resuming discussion would be furnished. His idea was that Japan might make such an intimation through you and Mr. Balfour. I said the suggestion did not seem to me impracticable and I would cable it at once adding that the opportunity was too great, the issues too momentous to foreclose any possibility of renewing discussions. Minister of Foreign Affairs attaches much importance to understanding that any solution arrived at between the two countries should be communicated and duly noted by the Conference and he observed, however, it was possible no agreement would be reached. My personal opinion is that the Chinese Government is willing to resume discussion with the Japanese Government and that if a discussion is entered upon some compromise would not be impossible, but I think that the Chinese Government would sacrifice prospect of settlement rather than lose face by now seeming to ask for it. If this formal difficulty can be overcome it will be possible to have discussions resumed. I think settlement more likely to be reached in Washington than anywhere else.

SCHURMAN

500.A 491/e : Telegram

The Secretary of State to the Ambassador in Japan (Warren)[20a]

WASHINGTON, *November 30, 1921—12 noon.*

206. It has been arranged that tomorrow December 1st, Mr. Balfour and I are to bring together the representatives of China and of Japan to initiate discussions of the Shantung question collaterally with the Conference. After convening the meeting and making offer of our good offices in the matter Mr. Balfour and I will withdraw and leave the discussion to be carried on by the respective representations which will consist of the 3 Chinese Delegates together with 3 associates and not more than 6 Japanese including all or some of their Delegates. The meetings will be attended by two American observers J. V. A. MacMurray and Edward Bell and two British Sir John Jordan and Miles Lampson who will however take no part in proceedings unless so requested.

It is expected that any eventual settlement resulting from these discussions will be communicated to the Conference.

HUGHES

793.94/1246a : Telegram

The Secretary of State to the Ambassador in Japan (Warren) [21]

[Paraphrase]

WASHINGTON, *December 21, 1921—6 p.m.*

220. Our no. 206, November 30, noon. The delegations of China and Japan have been negotiating regarding the Shantung issue from December 1 until yesterday. On several points agreements have been tentatively reached subject to a general adjustment of the whole question.

The question regarding the Shantung Railway was considered about two weeks ago, the Chinese having pressed to have an early settlement of this issue. At once it appeared that the Japanese proposal to make the railway a joint enterprise shared in by China and Japan was completely unacceptable to the Chinese. Ambassador Shidehara tentatively offered a substitute proposal on December 14. In general this provided that the Japanese would return the railway to China with its branch lines and appurtenances; in order to make payment China would secure from Japanese financiers a long-term loan; and until this loan was paid certain Japanese technical experts should be employed on the railway. Shidehara would recommend this plan to the Japanese Government if it was ac-

[20a] The same to the Minister in China as no. 310.

[21] See last paragraph for instructions to repeat to Peking as no. 335.

ceptable to the Chinese. China's delegates sought a cash payment, but finally proposed to compromise on a plan under which Treasury notes would be issued by China to the Japanese Government. These notes should run for 12 years. China should have the right to redeem all notes outstanding after 3½ years. The Chinese delegation also was unable to accept the appointment of more than one Japanese technical expert, the Japanese asking for three. The Chinese delegates also were unable to agree to the designation of this expert by Japanese interests instead of by the Government of China.

Ambassador Shidehara under these circumstances told the Chinese delegation yesterday that he could go no further without receiving definite authority from the Japanese Government. He said it would be necessary for him to report to his Government for consideration and instructions the counter proposal made by the Chinese.

In the opinion of the Chinese delegates there is only a small difference between the views of the Chinese and Japanese delegations. The Chinese are afraid that the action of Baron Shidehara in referring to his Government is a temporizing move to delay settlement, the purpose being to use the Shantung issue as a weight to aid the Japanese in other Conference negotiations which concern China.

Any information connected with this which you may receive will be acceptable to me.

This telegram should be repeated to our Legation in China for information only as our no. 335.

HUGHES

793.94/1247 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, *December 26, 1921—7 p.m.*
[Received December 26—3:35 p.m.]

435. Your 220, December 21, 6 p.m. In an interview at the Foreign Office Minister Uchida told me that the proposal of the Japanese conference delegation to sell the Japanese interest in the Shantung Railroad would be supported by the Japanese Government, but he said that Chinese Treasury notes would not be accepted in payment. He said that a large sum was already owing to Japan from the Chinese Government, part of which debt was now overdue. Uchida said that the Japanese delegates to the Washington Conference had exceeded their powers in proposing forms of payment.

Uchida told me that the question had been considered by the Diplomatic Advisory Council and by the Cabinet and that as a result the delegates had just been instructed to agree to the sale of Japan's

interest in the railroad for an amount to be agreed upon on the proposed basis, with payment by means of long-term bonds issued on the security of a loan contract of similar character to contracts made for loans from other countries or their nationals for railway purposes, with such supervision included as China in such cases has customarily granted.

WARREN

793.94/1275

The Chinese Minister (Sze) to the Secretary of State

WASHINGTON, *December 28, 1921.*

MY DEAR MR. SECRETARY: I mentioned to you last Friday that the conversations between the Chinese and Japanese Delegates on the Shantung question, which had been initiated on December 1st last, through your own and Mr. Balfour's good offices, were suspended on the 20th last, in order to enable our Japanese colleagues to communicate with their Government. A week has since elapsed and we have received no word yet whether they have heard from Tokio. Knowing that Mr. Balfour and your good self are sincerely animated by a friendly desire to see these conversations successfully concluded as rapidly as possible, I beg to apprise you that my colleagues, Dr. Koo and Dr. Wang and I are prepared to resume the conversations with the Japanese Delegates so soon as we are informed that they, on their part, are likewise ready to do so.

I ought to add that Mr. Koo is also writing to Mr. Balfour informally in the same sense.

I am [etc.] SAO-KE ALFRED SZE

793.94/1254 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Extract—Paraphrase]

TOKYO, *January 14, 1922—3 p.m.*
[Received 9:37 p.m.]

4. Department's no. 220 of December 21 and my no. 435 of December 26. In order to ascertain the real attitude of the Japanese Government regarding Shantung I have frequently talked at the Foreign Office with Uchida. He still insists that the means by which the Chinese Government may buy the railway must be by money obtained by a loan made by Japanese bankers who will take a lien on the railway as security. This loan would run for 15 years with optional payment after 5 years. Technical representatives and some accounting would also be provided.

Uchida explained that a fixed period, before payment would be possible, was desired so as to insure the operation of the railway, thus preventing impairment of the economic position of the Japanese interests within the territory which is dependent upon this railway.

It is my opinion that Japan will make definite terms for selling the railway if she is now pressed constantly for settlement and if the Chinese can be induced to agree to definite terms.

. . . . . .

WARREN

793.94/1256 : Telegram

The Minister in China (Schurman) to the Secretary of State

[Paraphrase]

PEKING, *January 16, 1922—midnight.*
[Received January 18—9:45 a.m.]

16. Today at a tea given by the President I met W. W. Yen, Minister for Foreign Affairs. After a whispered conversation with the Premier, Dr. Yen informed me that the substance of the MacMurray-Lampson alternative proposals [22] for settling the Shantung issue had been received by them. There were four proposals and they were asked to choose three. Subsequently, the Premier in a message to the Chinese people declared for the plan of cash redemption. He personally pledged one-tenth of the 30,000,000 necessary. Opponents who were attacking him on the Shantung issue might be " dished " by this action, but the issue would not be settled in this way, because while the Chinese Government had only patriots to consider, unyielding militarists had to be satisfied in Japan. The Shantung issue might remain to plague them for years if not settled now. It was the earnest desire of the President that the matter be settled at once.

In taking the responsibility for determining the attitude of China on the proposals mentioned above, Dr. Yen had decided to sacrifice himself to the [apparent omission]. The Chinese people today would denounce any plan except the Premier's scheme for cash redemption. Dr. Yen, however, was prepared to resign anyway. As the Governor and Tuchun of Kiangsu Province, Wu Pei-fu supporters, have assailed the Premier's interference in the Shantung issue in a telegram to Peking and have insisted that the question be left entirely in the hands of Dr. Yen, who was trusted by them and by the Chinese people, the Minister for Foreign Affairs has decided to take them at their word. As the telegrams sent by Wu Pei-fu might confuse China's delegation at the Washington Conference and as they might feel that

[22] For text of proposals, see suggested bases of compromise, A, B, C, and D, p. 965.

Dr. Yen was placing all responsibility upon the delegates, it was the more necessary that Dr. Yen should make a decision.

The Foreign Minister would bar the second of the proposals, that contemplating a loan from the Japanese bankers. He thought that he would cable his decision in two or three days to Washington, announcing his choice of the other three proposals. It would be necessary first to secure the assurance of cooperation by Chinese bankers as one of the plans involved adoption by them.

Dr. Yen earnestly desires aid of Secretary Hughes, as he thinks that otherwise, despite his own action in taking responsibility and sacrificing his office, it would be impossible to reach an agreement at Washington. Although Dr. Yen's policy will be unpopular for the present, he thinks that after some months it may be appreciated by the people of China.

I asked whether it was likely that the present Cabinet would continue after the Chinese New Year. Dr. Yen said no. He deprecated the sending of poltical telegrams by Wu Pei-fu. This telegram is sent by wireless, as the Pacific cable is broken.

SCHURMAN

793.94/1256 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *January 22, 1922—3 p.m.*

10. Your number 16, January 16, midnight.

You will see Minister for Foreign Affairs and referring to his conversation with you advise him that Mr. Balfour and I have discussed the Shantung question with both Chinese and Japanese delegations, and very earnestly explored the possibilities of settlement. We have been forcibly impressed with the fact that, whatever the merits of the several issues involved, the situation requires that both Powers concerned must act on the realization that no ideal or academic solution is possible and that they must be prepared without further delay to accept a reasonable practical basis of compromise as the only alternative to a failure of negotiations which would aggravate the question and place it beyond the possibility of adjustment for an indefinite period. This necessity rests the more heavily on China because of the fact that the conduct of these negotiations in the atmosphere of the Conference affords an opportunity such as cannot be expected to recur for obtaining Japan's relinquishment of the position which she now holds in Shantung; and the fact that any settlement now arrived at would be reported to the Conference and taken cognizance of by it would afford the highest sanction for an agreement reached at this time.

The study which Mr. Balfour and I have given to this question gives us reason to believe that there is within the reach of China the possibility of a settlement far more favorable than I had judged feasible when first studying this problem last summer. The agreements thus far tentatively reached have attained an apparently satisfactory adjustment of all the issues involved, except those connected with the salt industry at Kiaochow and with the Shantung Railway. I am hopeful that the former presents no fundamental issue of principle, and that an agreement should be easily possible. The whole settlement concerning Shantung is therefore dependent upon the Railway issue. The Japanese Government has hitherto insisted absolutely upon joint ownership and operation as the sole alternative to the maintenance of the position in which they are now intrenched. They have now been brought to consider allowing China to purchase the Railway from them on a basis involving the following 3 principal points:—namely, method of payment, term of the financial transaction involved, and degree of administrative supervision over operation. Mr. Balfour and I have reached the conclusion that the best possible terms which China can hope to obtain on these points are the following:—deferred payment by Chinese treasury notes running for 15 years, but redeemable at any time after 5 years; appointment of a Japanese chief accountant, and of a Chinese chief accountant, of coequal powers, both of them subject to the control of the Chinese director-general of the Railway; and appointment of a Japanese traffic manager subject to the control of the Chinese director-general, and with the understanding that, in anticipation of the probable redemption of the road by China at the end of 5 years there may be appointed at the end of 2½ years a Chinese assistant traffic manager to work under the Japanese traffic manager for the remainder of the 5 year period, with a view to preparing himself to act as traffic manager upon the redemption of the Railway. Should China fail to redeem as anticipated, this arrangement for Chinese assistant traffic manager would of course be suspended until China should give six months notice of intention to redeem.

You will very earnestly impress upon Doctor Yen the conviction, which is fully shared by Mr. Balfour and myself, that this arrangement represents the final limit to which Japan is prepared to go and which China must be prepared to accept as the only available means of realizing the hope of reestablishing herself in Shantung within the foreseeable future. We are quite aware that this involves concessions which China will find it hard to make and might not indeed be called upon to make if the question were presented as a new issue, unprejudiced by commitments on the part both of China and certain of the Powers. But since these concessions afford China the opportunity to obtain in 5 years complete reestablishment of China's author-

ity and control over the Railway and to regain at once virtually the whole of the rights once ceded to Germany in Shantung, we feel that the concessions involved are in the long run so trivial in comparison with the advantages which China would receive, that it is inconceivable that they should stand in the way of a settlement. We feel that China owes it to her own interests not only to avail herself of the opportunity to obtain relief from the situation in Shantung which cannot but become more aggravated with the course of time, but also to avoid a course of action which would frustrate all that it is hoped to achieve by this Conference for the good of China.

[Paraphrase.] In case Dr. Yen should indicate that he is not willing to authorize the acceptance of a settlement of the railway issue in accordance with the above plan, you may frankly tell him, at your own discretion, that although the American delegates fully respect the effort of China to secure the best possible terms, they all consider the points remaining at issue to be of such little importance compared with the other interests at stake that any degree of toleration with regard to a refusal by the Chinese to meet the practical situation which confronts them now would not be justified. You may add that I have the President's authority for stating this to be the attitude of our Government. Various American expressions of sympathy with an academic position may have misled the Chinese. Before deciding against such a settlement the Chinese should realize that if they choose to break off negotiations on the relatively unimportant issues outstanding and thus bring upon themselves the disasters which may be expected, they cannot count on any support either from public sentiment in the United States or from this Government. [End paraphrase.]

Mr. Balfour and I have this morning discussed the question with the Chinese Delegation in this sense, and have impressed upon them that the solution indicated above is dictated not by our wishes but by a realization of the imperative necessities of the situation in which China now finds herself.

Mr. Balfour is telegraphing similarly to British Legation. You will communicate with Alston [23] and arrange with him for conversations with Yen severally but in the same sense.

To obviate possibility of delay your reply should be sent by both cable and radio. British Legation will facilitate your reply by Eastern Extension cable. You may offer Chinese Foreign Office and British Legation Naval wireless facilities for their replies.

Repeat to Tokyo for confidential information only. Number 6.

HUGHES

[23] Sir Beilby F. Alston, British Minister in China.

793.94/1262 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *January 24, 1922—4 p.m.*
[Received January 24—12:54 p.m.]

23. Your 10, January 22, 3 p.m. received via cable, message deciphered 11 o'clock today.

Saw Minister for Foreign Affairs 12 o'clock. I said business was most important I should ever have to deal with; that Shantung settlement must be made now or indefinitely and hopelessly postponed; that while Americans sympathized with China they were, as he knew, a practical people who believed in adjusting difficulties instead of pursuing them to catastrophe and they would find it unintelligible and unpardonable if China refused an offer which gave her everything she asked in five years and nearly everything at once. I read most of the telegram and reread several times the crucial sentences, interspersing comments. Minister asked if I thought these terms best procurable. I answered there was absolutely no doubt on that point. I asked in what other way could China get Shantung in 5 years or 50.

Result produced entirely satisfactory. Minister will favor scheme and report to President at once.

I am hopeful of acceptance of scheme. Only obstacle I apprehend lies in existing Cabinet crisis. At a dinner last night Minister for Foreign Affairs told me Prime Minister would probably take sick leave today and not return to office in consequence of Wu Pei-fu's attacks on him for his Shantung policy which attacks had greatly stirred Chinese people. Cabinet meeting this afternoon to determine question of sick leave or alternative.

Minister for Foreign Affairs said Shantung business had been complicated by political crisis. He could not send telegram to delegates mentioned in my January 16, midnight, till 21st because Premier could not drop his cash redemption policy for the railway. Telegram as sent may not have been entirely approved by Premier although it mentioned that policy.

I reminded him of his earlier statement that he would take the responsibility himself of formulating China's Shantung policy. He said that he would advocate proposed settlement and that President was very anxious to have question adjusted. He feeling [*made*] acknowledgment of Secretary Hughes' helpfulness and again expressed his gratitude.

At 1 o'clock I called upon British Minister: he had not yet received Balfour's telegram. I read to him nearly all of my telegram and told him of my interview with the Minister for Foreign Affairs. He will gladly cooperate as soon as he receives Balfour's telegram.

Everything is favorable except the Cabinet crisis in which Wu Pei-fu has made most of paying Japan. Principal issue had in view successful anti-Premier campaign. But Yen's attitude, President's desire of early settlement and inherent reasonableness of proposal and its favorable terms to China lead me to expect favorable action.

SCHURMAN

793.94/1262 : Telegram

The Secretary of State to the Minister in China (Schurman)

WASHINGTON, *January 25, 1922—7 p.m.*

15. Your No. 23 January 24th 4 p.m. received January 24th 1 p.m. Let me assure you of my appreciation of your handling this matter.

Chinese Minister having sought such an interview I took him this afternoon to see the President who said to him that he considered it would be a colossal blunder in statecraft if China were not to take advantage of the opportunity now offered her for the settlement of the Shantung question as the alternative might involve a risk of losing the Province.

HUGHES

793.94/1266 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *January 26, 1922—noon.*
[Received January 27—6:47 a.m.]

28. Your telegram 10, January 22, 3 p.m. My January 24, 4 p.m. Balfour's telegram to Alston arrived yesterday and delivered immediately. Alston saw Minister of Foreign Affairs this morning. He presented case by reading Balfour's telegram with comments and he emphasized unexpectedly good terms and contrasted consequences to China of acceptance or rejection. Minister of Foreign Affairs said while he and also President of the Republic were in favor of acceptance Chinese people would not be satisfied with period so long as five years. Alston replied the difference was nothing in an issue so vast and vital.

As soon as Alston left me I called up Foreign Office for earliest possible appointment with Yen. He had Cabinet meeting this afternoon and appointment was fixed at 5:30. I have just returned from this interview after stopping to report to Alston.

Yen confirmed announcement President had yesterday granted Premier sick leave for seven days and that Premier has gone to Tientsin. Yen added in reply to my inquiry that he did not think

Premier would resume office. Yen is appointed Acting Premier beginning tomorrow. He presided at Cabinet meeting today as senior member. Recalling his conversation President's tea I said his appointment made [*as*] Acting Premier would enable him to settle the Shantung question in the best interests of China, that he had an opportunity to render his country memorable service and that it must be done now or never. He renewed inquiry if further concessions could not be secured and I replied that it was absolutely impossible, that present proposal was the very last. I added that proposal was vastly better than any of us had ever imagined possible. Dr. Yen said the terms were better than had been expected either by the President or himself.[24]

I inquired what the Cabinet had done about it. He took from his pocket a paper which he said was the draft of instructions to be cabled to Chinese delegates. First he read to me portions of it and then at my request the whole. He explained that President and Cabinet as well as himself had approved it but that he would not cable it till tomorrow as he intended tonight to show it to some leaders members of an advisory body. Nevertheless, he had, he said, yesterday telegraphed provinces that he would be responsible for foreign policy.

. . . . . .

Minister of Foreign Affairs' draft of instructions was in Chinese carefully written and so far as I could see without erasures. My guess is that it was prepared yesterday and approved by the President and that the Cabinet today adopted it without change.

I did not have to quote the authority of the President, authorized by your telegram January 22, 3 p.m., though I meant doing so today if prospects were unfavorable.

Minister of Foreign Affairs remarking that he would later ask me as a favor to telegraph to the Secretary of State Shantung credentials Chinese delegates to whom also he would telegraph them direct. Copy of these credentials received by Legation subsequent to my visit of this afternoon. I am cabling text separately.

Minister of Foreign Affairs said President Hsü and Cabinet as well as he himself desire to [omission] the President and Secretary of State sincere gratitude for their generous helpfulness.

But for the fact one does not know what a day may bring forth in China I would add my own respectful congratulations.

SCHURMAN

[24] Sentence paraphrased.

793.94/1267 : Telegram

The Minister in China (Schurman) to the Secretary of State

PEKING, *January 27, 1922—6 p.m.*
[Received 6:45 p.m.]

31. Have just seen Yen. He tells me he telegraphed last night to Chinese delegation the instructions described in my number 28, January 26th, 12 midnight [*noon?*].

Shantung settlement seems therefore assured. I sincerely congratulate President, Secretary and other members delegation.

SCHURMAN

793.94/1278

The Japanese Ambassador (Shidehara) to the Secretary of State

[WASHINGTON,] *January 31, 1922.*

SIR: On behalf of the Japanese Delegation, I have the honor to inform you that the conversations which were commenced early in December between the Japanese and Chinese representatives, through the good offices of yourself and Mr. Balfour, on the question of Shantung have now come to a successful close.

Highly appreciating as I do the keen interest which you have constantly manifested in a satisfactory adjustment of the question, I am particularly pleased to communicate to you herewith enclosed the substance of the terms agreed upon respecting various issues involved in the matter.[25] A treaty on the basis of such terms is in the course of drafting.

In making this communication to you, I beg to express the sincere thanks of my Japanese colleagues and myself for all your friendly efforts in bringing together the Japanese and Chinese Delegations with such a happy result.

Accept [etc.] K. SHIDEHARA

793.94/1277

The Chinese Minister (Sze) to the Secretary of State

WASHINGTON, *February 1, 1922.*

SIR: On behalf of the Chinese Delegation I have the honor to apprise you that the conversations between the Chinese and Japanese Delegations on the Shantung question which were arranged through the good offices of yourself and Mr. Balfour have resulted in complete accord.

Knowing your friendly interest in a satisfactory adjustment of the question, I am pleased to communicate to you herewith en-

[25] See *Conference on the Limitation of Armament, Washington, Nov. 12, 1921–Feb. 6, 1922* (in English and French), pp. 200–212.

closed the substance of the terms agreed upon by the two Delegations.[26] A treaty on the basis of these terms is in the course of drafting, and as soon as it is signed, I shall take pleasure in communicating to you a copy.

In informing you of the successful conclusion of our conversations, I beg to express the gratification of the Chinese Delegation that the Conference on the Limitation of Armament, so happily convoked by the Government of the United States, has afforded an opportunity for the settlement of this important international question, and to thank you for all your good offices which have made this opportunity fruitful of such a felicitous result.

Accept [etc.] SAO-KE ALFRED SZE

793.94/1277

The Secretary of State to the Chinese Minister (Sze)[27]

WASHINGTON, *February 4, 1922.*

SIR: I have the honor to acknowledge the receipt of the note of February 1, 1922, in which, on behalf of the Chinese Delegation, you were so good as to acquaint me that the conversations between the Chinese and Japanese Delegations on the Shantung question have resulted in complete accord.

It has given me much satisfaction to receive this welcome intelligence and I sincerely trust that the agreements which the two Delegations have reached will prove of lasting benefit to the two countries.

In extending to you, and through you to the other members of the Chinese Delegation, my congratulations on the successful conclusion of this arduous and delicate task, I beg leave to express my thanks to you for having communicated to me the substance of the terms agreed upon respecting the various issues involved in the matter in time to permit of my spreading them upon the record of the Fifth Plenary Session of the Conference on the Limitation of Armament.

Accept [etc.] CHARLES E. HUGHES

793.94/1281

Treaty between Japan and China for the Settlement of Outstanding Questions Relative to Shantung, Signed at Washington February 4, 1922[28]

Japan and China, being equally animated by a sincere desire to settle amicably and in accordance with their common interest out-

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[26] See *Conference on the Limitation of Armament*, pp. 200–212.

[27] The same, in substance, to the Japanese Ambassador (file no. 793.94/1278).

[28] This copy was received on Feb. 7 from Mr. H. Saito, of the Japanese Delegation to the Conference on Limitation of Armament; it was undated and unsigned. The date and signatures have been inserted from a copy received from the Chinese Minister on Oct. 23 (file no. 793.94/1383).

standing questions relative to Shantung, have resolved to conclude a treaty for the settlement of such questions, and have to that end named as their Plenipotentiaries, that is to say:

His Majesty the Emperor of Japan:
Baron Tomosaburo Kato, Minister of the Navy;
Baron Kijuro Shidehara, Ambassador Extraordinary and Plenipotentiary; and
Masanao Hanihara, Vice-Minister for Foreign Affairs;
His Excellency the President of the Chinese Republic:
Sao-Ke Alfred Sze, Envoy Extraordinary and Minister Plenipotentiary;
Vi Kyuin Wellington Koo, Envoy Extraordinary and Minister Plenipotentiary; and
Chung-Hui Wang, Former Minister of Justice;

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following Articles:

SECTION I. *Restoration of the Former German Leased Territory of Kiaochow*

ARTICLE I

Japan shall restore to China the former German Leased Territory of Kiaochow.

ARTICLE II

The Government of Japan and the Government of the Chinese Republic shall each appoint three Commissioners to form a Joint Commission, with powers to make and carry out detailed arrangements relating to the transfer of the administration of the former German Leased Territory of Kiaochow and to the transfer of public properties in the said Territory and to settle other matters likewise requiring adjustment.

For such purposes, the Joint Commission shall meet immediately upon the coming into force of the present Treaty.

ARTICLE III

The transfer of the administration of the former German Leased Territory of Kiaochow and the transfer of public properties in the said Territory, as well as the adjustment of other matters under the preceding Article, shall be completed as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

ARTICLE IV

The Government of Japan undertakes to hand over to the Government of the Chinese Republic upon the transfer to China of the administration of the former German Leased Territory of Kiaochow, such archives, registers, plans, title-deeds and other documents in the possession of Japan, or certified copies thereof, as may be necessary for the transfer of the administration, as well as those that may be useful for the subsequent administration by China of the said Territory and of the Fifty Kilometre Zone around Kiaochow Bay.

SECTION II. *Transfer of Public Properties*

ARTICLE V

The Government of Japan undertakes to transfer to the Government of the Chinese Republic all public properties including land, buildings, works or establishments in the former German Leased Territory of Kiaochow, whether formerly possessed by the German authorities, or purchased or constructed by the Japanese authorities during the period of the Japanese administration of the said Territory, except those indicated in Article VII of the present Treaty.

ARTICLE VI

In the transfer of public properties under the preceding Article, no compensation will be claimed from the Government of the Chinese Republic: Provided, however, that for those purchased or constructed by the Japanese authorities, and also for the improvements on or additions to those formerly possessed by the German authorities, the Government of the Chinese Republic shall refund a fair and equitable proportion of the expenses actually incurred by the Government of Japan, having regard to the principle of depreciation and continuing value.

ARTICLE VII

Such public properties in the former German Leased Territory of Kiaochow as are required for the Japanese Consulate to be established in Tsingtao shall be retained by the Government of Japan, and those required more especially for the benefit of the Japanese community, including public schools, shrines and cemeteries, shall be left in the hands of the said community.

ARTICLE VIII

Details of the matters referred to in the preceding three Articles shall be arranged by the Joint Commission provided for in Article II of the present Treaty.

SECTION III. *Withdrawal of Japanese Troops*

ARTICLE IX

The Japanese troops, including gendarmes, now stationed along the Tsingtao–Tsinanfu Railway and its branches, shall be withdrawn as soon as the Chinese police or military force shall have been sent to take over the protection of the Railway.

ARTICLE X

The disposition of the Chinese police or military force and the withdrawal of the Japanese troops under the preceding Article may be effected in sections.

The date of the completion of such process for each section shall be arranged in advance between the competent authorities of Japan and China.

The entire withdrawal of such Japanese troops shall be effected within three months, if possible, and, in any case, not later than six months, from the date of the signature of the present Treaty.

ARTICLE XI

The Japanese garrison at Tsingtao shall be completely withdrawn simultaneously, if possible, with the transfer to China of the administration of the former German Leased Territory of Kiaochow, and, in any case, not later than thirty days from the date of such transfer.

SECTION IV. *Maritime Customs at Tsingtao*

ARTICLE XII

The Custom House of Tsingtao shall be made an integral part of the Chinese Maritime Customs upon the coming into force of the present Treaty.

ARTICLE XIII

The Provisional Agreement of August 6, 1915, between Japan and China, relating to the reopening of the Office of the Chinese Maritime Customs at Tsingtao shall cease to be effective upon the coming into force of the present Treaty.

SECTION V. *Tsingtao–Tsinanfu Railway*

ARTICLE XIV

Japan shall transfer to China the Tsingtao–Tsinanfu Railway and its branches, together with all other properties appurtenant thereto, including wharves, warehouses and other similar properties.

ARTICLE XV

China undertakes to reimburse to Japan the actual value of all the Railway properties mentioned in the preceding Article.

The actual value to be so reimbursed shall consist of the sum of fifty-three million four hundred and six thousand, one hundred and forty-one (53,406,141) gold Marks (which is the assessed value of such portion of the said properties as was left behind by the Germans), or its equivalent, plus the amount which Japan, during her administration of the Railway, has actually expended for permanent improvements on or additions to the said properties, less a suitable allowance for depreciation.

It is understood that no charge will be made with respect to the wharves, warehouses and other similar properties mentioned in the preceding Article, except for such permanent improvements on or additions to them as may have been made by Japan, during her administration of the Railway, less a suitable allowance for depreciation.

ARTICLE XVI

The Government of Japan and the Government of the Chinese Republic shall each appoint three Commissioners to form a Joint Railway Commission, with powers to appraise the actual value of the Railway properties on the basis defined in the preceding Article, and to arrange the transfer of the said properties.

ARTICLE XVII

The transfer of all the Railway properties under Article XIV of the present Treaty shall be completed as soon as possible, and, in any case, not later than nine months from the date of the coming into force of the present Treaty.

ARTICLE XVIII

To effect the reimbursement under Article XV of the present Treaty, China shall deliver to Japan simultaneously with the completion of the transfer of the Railway properties, Chinese Government Treasury Notes, secured on the properties and revenues of the Railway, and running for a period of fifteen years, but redeemable, whether in whole or in part, at the option of China, at the end of five years from the date of the delivery of the said Treasury Notes, or at any time thereafter upon six months' previous notice.

ARTICLE XIX

Pending the redemption of the said Treasury Notes under the preceding Article, the Government of the Chinese Republic will

select and appoint, for so long a period as any part of the said Treasury Notes shall remain unredeemed, a Japanese subject to be Traffic Manager, and another Japanese subject to be Chief Accountant jointly with the Chinese Chief Accountant and with co-ordinate functions.

These officials shall all be under the direction, control and supervision of the Chinese Managing Director, and removable for cause.

Article XX

Financial details of a technical character relating to the said Treasury Notes, not provided for in this Section, shall be determined in common accord between the Japanese and Chinese authorities as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

Section VI. *Extensions of the Tsingtao–Tsinanfu Railway*

Article XXI

The concessions relating to the two extensions of the Tsingtao–Tsinanfu Railway, namely, the Tsinanfu–Shunteh and the Kaomi–Hsuchowfu lines, shall be made open to the common activity of an international financial group, on terms to be arranged between the Government of the Chinese Republic and the said group.

Section VII. *Mines*

Article XXII

The mines of Tsechwan, Fangtze and Chinlingchen, for which the mining rights were formerly granted by China to Germany, shall be handed over to a company to be formed under a special charter of the Government of the Chinese Republic, in which the amount of Japanese capital shall not exceed that of Chinese capital.

The mode and terms of such arrangement shall be determined by the Joint Commission provided for in Article II of the present Treaty.

Section VIII. *Opening of the Former German Leased Territory of Kiaochow*

Article XXIII

The Government of Japan declares that it will not seek the establishment of an exclusive Japanese settlement, or of an international settlement, in the former German Leased Territory of Kiaochow.

The Government of the Chinese Republic, on its part, declares that the entire area of the former German Leased Territory of Kiaochow will be opened to foreign trade, and that foreign nationals will be permitted freely to reside and to carry on commerce, industry and other lawful pursuits within such area.

Article XXIV

The Government of the Chinese Republic further declares that vested rights lawfully and equitably acquired by foreign nationals in the former German Leased Territory of Kiaochow, whether under the German régime or during the period of the Japanese administration, will be respected.

All questions relating to the status of validity of such vested rights acquired by Japanese subjects or Japanese companies shall be adjusted by the Joint Commission provided for in Article II of the present Treaty.

Section IX. *Salt Industry*

Article XXV

Whereas the salt industry is a Government monopoly in China, it is agreed that the interests of Japanese subjects or Japanese companies actually engaged in the said industry along the coast of Kiaochow Bay shall be purchased by the Government of the Chinese Republic for fair compensation, and that the exportation to Japan of a quantity of salt produced by such industry along the said coast is to be permitted on reasonable terms.

Arrangements for the above purposes, including the transfer of the said interests to the Government of the Chinese Republic, shall be made by the Joint Commission provided for in Article II of the present Treaty. They shall be completed as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

Section X. *Submarine Cables*

Article XXVI

The Government of Japan declares that all the rights, title and privileges concerning the former German submarine cables between Tsingtao and Chefoo and between Tsingtao and Shanghai are vested in China, with the exception of those portions of the said two cables which have been utilized by the Government of Japan for the laying of a cable between Tsingtao and Sasebo; it being understood that the question relating to the landing and operation at Tsingtao of the

said Tsingtao–Sasebo cable shall be adjusted by the Joint Commission provided for in Article II of the present Treaty, subject to the terms of the existing contracts to which China is a party.

Section XI. *Wireless Stations*

Article XXVII

The Government of Japan undertakes to transfer to the Government of the Chinese Republic the Japanese wireless stations at Tsingtao and Tsinanfu for fair compensation for the value of these stations, upon the withdrawal of the Japanese troops at the said two places, respectively.

Details of such transfer and compensation shall be arranged by the Joint Commission provided for in Article II of the present Treaty.

Article XXVIII

The present Treaty (including the Annex thereto) shall be ratified, and the ratifications thereof shall be exchanged at Peking as soon as possible, and not later than four months from the date of its signature.

It shall come into force from the date of the exchange of ratifications.[29]

In witness whereof, the respective Plenipotentiaries have signed the present Treaty in duplicate, in the English language, and have affixed thereto their seals.

Done at the City of Washington this fourth day of February, One Thousand Nine Hundred and Twenty-Two.

T. Kato	[seal]	Sao-Ke Alfred Sze	[seal]
K. Shidehara	[seal]	V. K. Wellington Koo	[seal]
M. Hanihara	[seal]	Chung-Hui Wang	[seal]

[Annex]

I

Renunciation of Preferential Rights

The Government of Japan declares that it renounces all preferential rights with respect to foreign assistance in persons, capital and material stipulated in the Treaty of March 6, 1898, between China and Germany.

[29] Ratifications were exchanged at Peking on June 2, 1922.

II

Transfer of Public Properties

It is understood that public properties to be transferred to the Government of the Chinese Republic under Article V of the present Treaty include (1) all public works, such as roads, water-works, parks, drainage and sanitary equipment, and (2) all public enterprises such as those relating to telephone, electric light, stockyard and laundry.

The Government of the Chinese Republic declares that in the management and maintenance of public works to be so transferred to the Government of the Chinese Republic, the foreign community in the former German Leased Territory of Kiaochow shall have fair representation.

The Government of the Chinese Republic further declares that, upon taking over the telephone enterprise in the former German Leased Territory of Kiaochow, it will give due consideration to the requests from the foreign community in the said Territory for such extensions and improvements in the telephone enterprise as may be reasonably required by the general interests of the public.

With respect to public enterprises relating to electric light, stockyard and laundry, the Government of the Chinese Republic, upon taking them over, shall re-transfer them to the Chinese municipal authorities of Tsingtao, which shall, in turn, cause commercial companies to be formed under Chinese laws for the management and working of the said enterprises, subject to municipal regulation and supervision.

III

Maritime Customs at Tsingtao

The Government of the Chinese Republic declares that it will instruct the Inspector General of the Chinese Maritime Customs (1) to permit Japanese traders in the former German Leased Territory of Kiaochow to communicate in the Japanese language with the Custom House of Tsingtao; and (2) to give consideration, within the limits of the established service regulations of the Chinese Maritime Customs, to the diverse needs of the trade of Tsingtao, in the selection of a suitable staff for the said Custom House.

IV

Tsingtao–Tsinanfu Railway

Should the Joint Railway Commission provided for in Article XVI of the present Treaty fail to reach an agreement on any matter

within its competence, the point or points at issue shall be taken up by the Government of Japan and the Government of the Chinese Republic for discussion and adjustment by means of diplomacy.

In the determination of such point or points, the Government of Japan and the Government of the Chinese Republic shall, if necessary, obtain recommendations of experts of a third Power or Powers who shall be designated in common accord between the two Governments.

V

CHEFOO–WEIHSIEN RAILWAY

The Government of Japan will not claim that the option for financing the Chefoo–Weihsien Railway should be made open to the common activity of the International Financial Consortium, provided that the said Railway is to be constructed with Chinese capital.

VI

OPENING OF THE FORMER GERMAN LEASED TERRITORY OF KIAOCHOW

The Government of the Chinese Republic declares that, pending the enactment and general application of laws regulating the system of local self-government in China, the Chinese local authorities will ascertain the views of the foreign residents in the former German Leased Territory of Kiaochow in such municipal matters as may directly affect their welfare and interests.

T. KATO	[SEAL]	SAO-KE ALFRED SZE	[SEAL]
K. SHIDEHARA	[SEAL]	V. K. WELLINGTON KOO	[SEAL]
M. HANIHARA	[SEAL]	CHUNG-HUI WANG	[SEAL]

793.94/1301

Mr. V. K. Wellington Koo, of the Chinese Delegation, Conference on the Limitation of Armament, to the Secretary of State

WASHINGTON, *February 11, 1922.*

SIR: With reference to the treaty relative to Shantung concluded between China and Japan, the text of which Mr. Sze communicated to you February 4, 1922, I now have the honor, in Mr. Sze's absence from the city, to enclose to you two copies of "Agreed Terms of Understanding Recorded in the Minutes of the Chinese and Japanese Delegations Concerning the Conclusion of the Treaty for the Settlement of Outstanding Questions Relative to Shantung." I may add that these have been duly initialed by the Chinese and Japanese plenipotentiaries and exchanged between the two Delegations.

Accept [etc.] V. K. WELLINGTON KOO

[Enclosure]

Agreed Terms of Understanding Recorded in the Minutes of the Chinese and Japanese Delegations Concerning the Conclusion of the Treaty for the Settlement of Outstanding Questions Relative to Shantung [80]

I. Transfer of Public Properties

1. Japanese subjects will be permitted, subject to the provisions of Chinese law, to become members or shareholders of any of the commercial companies to be formed with respect to public enterprises mentioned in Paragraph 4 of Annex II of the Treaty.

II. Withdrawal of Japanese Troops

2. After the withdrawal of the Japanese troops provided for in Articles IX–XI of the Treaty, no Japanese military force of any kind will remain in any part of Shantung.

III. Tsingtao–Tsinanfu Railway

3. All light railways constructed by Japan in Shantung and all properties appurtenant thereto shall be considered as part of the properties of the Tsingtao–Tsinanfu Railway.

4. The telegraph lines along the Railway shall also be considered as part of the Railway properties.

5. The Chinese authorities, upon taking over the Railway, shall have full power and discretion to retain or to remove the present employees of Japanese nationality in the service of the Railway. In replacing such employees, reasonable notice shall be given before the date of the transfer of the Railway. Detailed arrangements regarding the replacements to take effect immediately on the transfer of the Railway are to be made by the Joint Railway Commission provided for in Article XVI of the Treaty.

6. The entire subordinate staff of the Japanese Traffic Manager and the Japanese Chief Accountant of the Railway is to be appointed by the Chinese Managing Director. After two years and a half from the date of the transfer of the Railway, the Chinese Government may appoint an Assistant Traffic Manager of Chinese nationality for the period of two years and a half, and such Chinese Assistant Traffic Manager may likewise be appointed at any time upon notice being given for the redemption of the Treasury Notes under Article XVIII of the Treaty.

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[80] An identical copy was received from the Japanese Ambassador on Feb. 13 (file no. 793.94/1300); neither copy was signed. The initials inserted at the end of the text here printed appear on a copy received on Oct. 23 from the Chinese Minister (file no. 793.94/1383).

7. The Chinese Government is under no obligation to appoint Japanese subjects as members of the subordinate staff above mentioned.

8. The redemption of the Treasury Notes under Article XVIII of the Treaty will not be effected with funds raised from any source other than Chinese.

9. The Chinese Government will ask the Japanese Government for such information as may be useful in making the selection of the Japanese Traffic Manager and the Japanese Chief Accountant of the Railway.

10. All questions relating to the existing contracts or commitments made by the Japanese authorities in charge of the Railway shall be settled by the Joint Railway Commission; and, prior to the transfer of the Railway, the said Japanese authorities will not make any new contracts or commitments calculated to be harmful to the interests of the Railway.

IV. Opening of the Former German Leased Territory of Kiaochow

11. The term "lawful pursuits" used in Article XXIII of the Treaty shall not be so construed as to include agriculture, or any enterprise prohibited by Chinese law or not permitted to foreign nationals under the treaties between China and foreign Powers, it being understood that this definition shall be without prejudice to the question of the salt industry provided for in Article XXV of the Treaty or to any question relating to vested rights which shall be determined in accordance with Article XXIV of the Treaty.

V. Post Offices

12. All the Japanese Post Offices outside of the former German Leased Territory of Kiaochow shall be withdrawn simultaneously with the transfer of the Tsingtao–Tsinanfu Railway, if such transfer shall take place before January 1, 1923, and, in any case, not later than the said date.

13. All the Japanese Post Offices within the former German Leased Territory of Kiaochow shall be withdrawn simultaneously with the transfer of the administration of the said Territory.

VI. Claims

14. The omission of any reference in the Treaty to the question of claims which Chinese citizens may have against the Japanese authorities or Japanese subjects, for the restitution of real property

in Shantung or for damages to the persons and property of Chinese citizens in Shantung, shall not prejudice such claims.

15. The Chinese authorities shall furnish the Japanese authorities with a list of such claims together with all available evidence in support of each claim. Justice shall be done through diplomatic channel as regards the claims against the Japanese authorities, and through ordinary judicial procedure as regards the claims against Japanese subjects. With respect to the latter class of claims, the investigation into actual facts of each case may, if necessary, be conducted by a Joint Commission of Japanese and Chinese officials, in equal number, to be specially designated for that purpose.

16. The Japanese Government shall not be held responsible for any damages which may have been directly caused by military operations of Japan during the late war.

S. A. S.	T. K.
V. K. W. K.	K. S.
C. H. W.	M. H.

WASHINGTON, *February 4, 1922.*

793.94/1300a

The Secretary of State to the Minister in China (Schurman)

No. 84 WASHINGTON, *February 15, 1922.*

SIR: As you will be aware from your knowledge of affairs in Peking, the Chinese Delegation to the Conference on the Limitation of Armament were from the outset desirous of bringing the Shantung question before the Committee on Pacific and Far Eastern Questions with a view to its discussion and settlement by that body, while the Japanese Delegation, in accordance with the policy of direct negotiations with China, which has been pursued all along by the Tokyo Government, were averse from any such arrangement.

With this situation in mind, I had an exchange of views with Mr. Balfour, who was acting as head of the British Empire Delegation, following which Mr. Balfour and I together consulted separately with Admiral Baron Kato of the Japanese Delegation and with Mr. Sze, the head of the Chinese Delegation, explaining the tactical inexpediency of China's presenting the Shantung question to the Conference, and urging the desirability of the resumption here of the discussion of the question between the representatives of China and Japan. We suggested that to this end we should be prepared to use our good offices in any way that might be acceptable to the two parties, in order to assist towards a just and permanent resolution of the question, and I took occasion in my telegram No.

303 of November 25th, last,[31] to acquaint you with the foregoing and to request you to impress upon the Chinese Government that the only practicable way to attain an equitable and durable understanding on this subject would be to renew the recent discussions between the two Governments which appeared to have been discontinued at a moment when the substantial points of difference seemed in fact to have been narrowed to a small margin. Mr. Balfour, as you were informed in this telegram, at the same time requested the British Foreign Office to issue instructions in a similar sense to Sir Beilby Alston.

A satisfactory understanding having been reached with the Delegates of the Governments of China and Japan then in Washington, Mr. Balfour and I brought together the representatives of the two countries on December 1st, last, to initiate discussions of the Shantung question collaterally with the Conference, as you were informed in my telegram No. 206 [*310*].[32] After convening the meeting and making an offer of our good offices in the matter, Mr. Balfour and I withdrew, leaving the discussion to be carried on by the respective representatives consisting, for China, of Mr. Sze, Mr. Wellington Koo and Mr. Wang accompanied by their secretaries: and for Japan, of Admiral Baron Kato, Prince Tokugawa and Mr. Hanihara, together with their secretaries. Baron Kato attended only the first meeting and was then replaced by Mr. Debuchi. Prince Tokugawa attended the meetings until December 10th, after which he was replaced by Baron Shidehara.

There were thirty-six meetings in all, which were attended by two American observers, Mr. J. V. A. MacMurray, Chief of the Division of Far Eastern Affairs of this Department, and Mr. Edward Bell, formerly Counselor of the Embassy at Tokyo, and by two British observers, Sir John Jordan, formerly Minister at Peking, and Mr. Miles Lampson of the Foreign Office. During the month of January, Sir John Jordan was obliged to return to England and his place was taken by Mr. F. Ashton-Gwatkin of the Foreign Office, formerly attached to the British Embassy at Tokyo. The conversations, at all of the meetings, were conducted in the English language without the aid of an interpreter.

It became evident at once that the most difficult matter to settle in connection with the Shantung question would be the Tsingtao–Tsinanfu Railway, the Japanese Delegation being desirous of settling the minor questions first and returning to the railway question at the end of the discussions, while the Chinese Delegation evinced a desire from the beginning to confront as soon as possible the issue in regard to the railway question. Several minor questions were disposed of at the earlier meetings, and the matter of

[31] *Ante*, p. 934.
[32] See footnote 20a, p. 937.

the railway was then taken up, the Japanese Delegation proposing joint Sino-Japanese control of the railway in accordance with the understanding reached between Japan and China in 1918, while the Chinese Delegation insisted on cash payment by China for the railway and its properties. Under pressure from the Chinese Delegation, Baron Shidehara, speaking on behalf of his Delegation, tentatively receded from his position and offered as a substitute, subject to the consent of the Japanese Government, a proposal that the railway should be paid for by means of a long-term loan to be made by Japanese capitalists, with a further understanding that Japan should have the right to nominate a Japanese Traffic Manager, Chief Accountant and Chief Engineer for the line. The Chinese Delegation met this with a tentative counter-proposal for payment by means of Chinese Government Treasury Notes, coupled with the appointment of one Japanese expert only, namely, a Chief Engineer. On December 20th the Japanese Delegation announced that, the Chinese Delegation having declined to accept the tentative proposal for a long-term loan, they would be obliged to refer the whole question to Tokyo for further instructions. This situation was communicated to you in the Department's telegram No. 335 of December 21st.[33]

While the Japanese Delegation in Washington were awaiting instructions from their Government, the latter appears to have directed the Japanese Minister in Peking to take up directly with the Chinese Prime Minister, and with the Minister for Foreign Affairs, the question of the Shantung Railway, and I understand that Mr. Obata reported to his Government that Mr. Liang, on December 29th, had indicated in conversation that he was personally disposed to accept an arrangement for the purchase of the railway by means of a Japanese long-term loan. Whether Mr. Obata ultimately received a formal communication from the Chinese Prime Minister or Minister for Foreign Affairs tending to confirm this understanding I am not aware, but at all events no such instructions appear to have been issued by the Chinese Government to the Chinese Delegation in Washington. On January 4th the conferences were resumed and the Japanese Delegation announced that their Government were willing to ratify the tentative proposal which Baron Shidehara had previously made that the railway should be paid for by means of a Japanese long-term loan. The Chinese Delegation, however, stated that their instructions to refuse such a proposal had been repeated from Peking and after three days' discussion the Conference adjourned on January 6th *sine die.*

[33] See footnote 21, p. 937.

A situation had now arisen which made it necessary to review the course of the negotiations and to explore every avenue which might lead the Chinese and Japanese Delegations from the tangle of proposal and counter-proposal, doubt and suspicion, in which they appeared to have become involved. Under the instructions of Mr. Balfour and myself, the American and British observers, therefore, in unofficial conversations with members of the Chinese and Japanese Delegations, suggested on their personal responsibility certain possible bases of compromise, designated for convenience A, B, C and D respectively, of which copies are enclosed herewith. These suggestions were communicated by the Japanese and Chinese Delegations to their respective Governments and, pending the receipt of replies, the conversations were resumed on January 11th for the purpose of considering the remaining unsettled questions, other than the railway. On January 18th Mr. Balfour and I had an informal conversation with the Japanese Delegates and, on January 19th and 22nd, with the Chinese Delegates, with a view to impressing upon them the seriousness of the situation and the necessity for reaching an understanding on this all-important question. Copies of the notes taken of these meetings by Sir Maurice Hankey of the British Delegation, together with a memorandum of the meeting of January 22nd, which was furnished to the Chinese Delegation by Mr. Balfour and myself, are enclosed herewith.[34] I had meanwhile received your telegram No. 16, of January 16th, and on January 22nd sent you my telegram No. 10 instructing you to communicate with the Chinese Government in the same sense as Mr. Balfour and I had addressed the Chinese Delegation. Mr. Balfour, as you are aware, sent similar instructions to your British colleague. Your telegrams in reply, No. 23 of January 24th, No. 28 of January 26th and No. 31 of January 27th were very satisfactory, and the instructions which you indicated would be sent to the Chinese Delegation arrived in due course. Meanwhile, the Chinese Minister having sought an interview with the President, I took Mr. Sze to the White House on January 25th when the President said to him that it would be a colossal blunder in statecraft if China were not to take advantage of the opportunity now offered her for the settlement of the Shantung question, as the alternative might involve the risk of losing the Province. On January 30th Mr. Balfour and I had a final meeting with the Chinese Delegation, notes of which, compiled by Mr. Lampson of the British Delegation, are enclosed herewith.[34] Instructions having been received from Tokyo permitting favorable consideration by the Japanese Delegation of the Treasury Notes scheme, the railway question was finally disposed of at meetings held on January 30th and 31st,

[34] Not printed.

and the Japanese Ambassador and the Chinese Minister communicated to me the substance of their agreements in notes of which copies are enclosed.[35] As stated in my telegram No. 17 of February 1st,[36] I read this agreement at the Fifth Plenary Session of the Conference on that day and caused it to be spread upon the record of the Conference.

The Chinese and Japanese Delegates signed the Treaty on the afternoon of Saturday, February 4th, at the Pan-American Union Building, in the presence of Mr. Balfour and myself. The text, which varies but slightly in the order of the clauses and in the wording from the earlier draft, is enclosed herewith.[37] I should add for your information that a number of understandings not found in the Treaty or its Annex were recorded in the minutes of the meetings of the Chinese and Japanese Delegations, and that copies of them will be forwarded to you in due course when agreement has been reached on their wording.

It should be borne in mind that while the Shantung question was closely interwoven with the fabric of the Conference, these negotiations did not form an integral part thereof, special full-powers having been exchanged between the Japanese and Chinese Delegates for the purpose of signing the Shantung Treaty.

In acquainting you with the foregoing record of these negotiations for your confidential information and the files of the Legation, I desire once more to express my appreciation of the manner in which you have dealt with such phases of the question as have come before you, and to assure you that your services in this matter have been of great assistance to me. This record is intended primarily for your own guidance, but the information contained therein may be used in your discretion, should necessity arise, to counteract the impression which appears to exist in some quarters that pressure was exerted on the Chinese Government or on its Delegates in Washington to induce them to accept a settlement unfavorable to China. In connection with the foregoing I take pleasure in acquainting you that on February 5th the President received the following telegraphic communication from the President of China: "I am most happy to learn that during the Conference at Washington, through the untiring friendly interest taken by your Excellency and by all the American Delegates, a solution of the long outstanding Shantung question has been made possible. Thus the peace of the Far East is further ensured. On behalf of the Government and people of the Republic of China, I have the honor to extend to your Excellency our sincere thanks and felicitations."

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[35] See note of Jan. 31 from the Japanese Ambassador and note of Feb. 1 from the Chinese Minister, p. 947.

[36] Not printed.

[37] For text of treaty, see p. 948.

A copy of this instruction with its enclosures is being forwarded to the American Ambassador at Tokyo and I should feel obliged if you would arrange that Mr. Warren may be furnished with the texts of all telegrams exchanged between this Department and yourself on the subject of these negotiations.

I am [etc.] CHARLES E. HUGHES

[Enclosure]

Suggested Bases of Compromise, A, B, C, and D

A. The Japanese Government, within three (3) months from the date of this agreement, to transfer to a syndicate of Japanese capitalists, with a view to transfer to the Chinese Government as hereinafter provided, all its claims with respect to the Shantung Railway, upon terms to be arranged between the Government and the syndicate;

The Japanese syndicate, within three (3) months from the conclusion of the appraisal and in any case not later than September 30, 1922, to transfer to the Chinese Banking group their interest thus acquired in the Shantung Railway, at the valuation determined by the Board of Appraisal on the basis already fixed (i.e., approximately 53,000,000 Gold Marks, plus improvements, minus depreciation), subject to the following terms:—

a. The principal sum representing the purchase price of the Railway, plus usual bankers' commission, to be paid by Chinese group to the Japanese syndicate by means of bonds or bankers' notes bearing current rate of interest and running for twelve (12) years, but redeemable after three (3) years.

b. This loan to be secured upon the property and revenues of the Railway.

The Chinese group to turn the Railway over to the Chinese Government for operation as an integral portion of the Chinese Government railways, such transfer to be made upon terms to be agreed between the Chinese group and the Chinese Government, subject to an obligation on the part of the Chinese Government, with the concurrence of the Japanese syndicate, to select and appoint a Japanese subject as engineer-in-chief with the same functions and powers as prescribed for the engineer-in-chief of the Tientsin-Pukow Railway, such obligation to hold good for the duration of the loan.

B. The valuation of the Railway to be made by the Board of Appraisal on the basis already agreed (i.e., approximately 53,000,000 Gold Marks, plus improvements, minus depreciation), within six (6) months from the date of agreement.

This valuation to be paid by the Chinese Government to the Japanese Government out of funds borrowed by the Chinese Government from a Japanese financial syndicate.

This loan to bear the current rate of interest and run for twelve (12) years, but to be redeemable by the Chinese Government on six (6) months' notice at any time after the lapse of three (3) years.

The loan to be secured upon the property and revenues of the Railway.

The Chinese Government, with the concurrence of the Japanese syndicate, to select and appoint a Japanese subject as engineer-in-chief with the same functions and powers as prescribed for the engineer-in-chief of the Tientsin-Pukow Railway, such obligation to hold good for the duration of the loan.

C. The valuation of the Railway to be made by the Board of Appraisal on the basis already agreed (i. e., approximately 53,000,000 Gold Marks, plus improvements, minus depreciation), within six (6) months from the date of agreement.

The Chinese Government to be at liberty, at any time after the report of the Board of Appraisal is made (which shall in no case be later than September 30, 1922) to purchase the Railway by the deposit of the agreed valuation in a foreign bank.

The Railway thereupon to be transferred to the Chinese Government for operation as an integral portion of the Chinese Government railways, subject to the condition that the Chinese Government, with the concurrence of the Japanese Government, shall select and appoint, for a period of five (5) years from the date of agreement, a traffic manager and a chief accountant of Japanese nationality, who shall be subject to the direction and control of the Chinese Ministry of Communications.

D. The valuation of the Railway to be made by the Board of Appraisal on the basis already agreed (i.e., approximately 53,000,000 Gold Marks, plus improvements, minus depreciation), within six (6) months from the date of agreement.

The Chinese Government to be at liberty, at any time after the report of the Board of Appraisal is made (which shall in no case be later than September 30, 1922) to take over the Railway on the deposit of Chinese Government treasury notes, secured on the property and revenues of the Railway, and running for a period of twelve (12) years, but redeemable at the option of the Chinese Government on six (6) months' notice at any time after the lapse of three (3) years.

The Railway thereupon to be transferred to the Chinese Government for operation as an integral portion of the Chinese Government railways, subject to the condition that the Chinese Government, with the concurrence of the Japanese Government, shall select and appoint, for the period during which these treasury notes remain unredeemed,

a traffic manager and a chief accountant of Japanese nationality, who shall be subject to the direction and control of the Chinese Ministry of Communications.

793.94/1351

The Ambassador in Japan (Warren) to the Secretary of State

No. 207 TOKYO, *May 8, 1922.*
[Received June 1.]

SIR: With reference to my despatch No. 197, dated April 27, 1922,[38] I have the honor to transmit herewith a copy of a statement handed to me to-day by the Foreign Office announcing the completion of the withdrawal of Japanese troops from the Shantung Railway Zone.

I have [etc.] CHARLES B. WARREN

[Enclosure]

Statement of the Japanese Foreign Office, May 8, 1922

The stationing of the Chinese police and the withdrawal of the Japanese troops and gendarmes from along the Shantung Railway has been steadily proceeding, both on the part of Japan and China, in accordance with the provisions of the Agreement regarding the withdrawal of the Japanese troops, and on May 5 the joint Sino-Japanese Commission completed, in a most amicable and satisfactory manner, their task relative to the replacement of the guards and the transfer of the barracks in the entire railway zone. Not a single Japanese soldier is now stationed along the Railway outside the leased territory.

The Japanese troops and gendarmes withdrawn from the Shantung Railway Zone are being speedily brought back to Japan, the last section of the troops being due to sail from Tsingtao on May 9. Japan has now only a small garrison remaining at Tsingtao, and in accordance with the provisions of the Shantung Treaty, this small number of troops is likewise to be withdrawn and sent home soon after the coming into force of the Treaty in question.

793.94/1404

The Chargé in Japan (Wilson) to the Secretary of State

No. 430 TOKYO, *December 4, 1922.*
[Received December 28.]

SIR: Supplementing my telegram No. 215 of December 4, noon,[38] I have the honor to transmit herewith a copy of the Foreign Office's

[38] Not printed.

statement of December 2, 1922, regarding the agreement covering the details of the retrocession of the Leased Territory of Kiaochow to China.

A copy of this document has been sent to the Legation at Peking.

I have [etc.] HUGH R. WILSON

[Enclosure]

Statement of the Japanese Foreign Office, December 2, 1922

The agreement covering the details of the retrocession of the Leased Territory of Kiaochow to China was signed at Peking at 1.30 p.m., December 1, by the delegates of Japan and China who are sitting in conference in that city. The principal points of the agreement are enumerated below.

In view of the importance of this welcome settlement the Japanese Government deems the present an appropriate time to state that when the Japanese Commissioners were appointed to proceed to China, immediately after the ratification of the Shantung Treaty, in June, they were instructed to negotiate with their Chinese colleagues in the same friendly and conciliatory spirit as had been shown in the negotiations of the Treaty itself.

The work of the Committee was divided between two Sino-Japanese Committees, the First Committee dealing with the administration of Kiaochow and all public properties in that Leased Territory and along the Tsingtao–Tsinanfu Railway, and the Second Committee dealing with the question of the Railway itself. It is the work of the First Committee that has been completed and put into the form of a signed documentary agreement. The Second Committee has yet to work out some minor details, but it is expected that this Committee will reach an agreement at an early date and that the Railway will be transferred to China prior to the time fixed in the Shantung Treaty, namely, March 2. The Japanese troops in Tsingtao, one battalion of approximately 500 men, and also the several hundred gendarmes or police, will be withdrawn within twenty days after the transfer of Kiaochow to China.

At the request of the Chinese Government the transfer of the Leased Territory has been postponed until December 10.

It is the earnest hope of the Japanese Government that the final settlement of this long-standing question will contribute in no small measure to the development of understanding and friendship between the two neighbouring nations. In view of the fact that the so-called Shantung question was in itself a subject of irritation and that it was made use of and exaggerated unduly by artificial propaganda, the Japanese Government is greatly relieved at this final conclusion and anticipates a new era of sympathy and cooperation, not only between

the nations primarily concerned but also among those generally interested in the welfare of the Far East.

The following are the main points of the agreement that has been signed:—

All administrative authority in the Leased Territory of Kiaochow shall be transferred to China at noon on December 10. After this transfer all administrative powers and responsibilities, except those belonging to the Japanese Consul by virtue of treaties, conventions, and customs, shall belong to the Chinese Government.

The withdrawal of Japanese troops and gendarmes shall be completed within twenty days after the transfer of the administration.

Leases of land acquired by Japanese prior to the ratification of the Shantung Treaty may be renewed for a term of 30 years under the same conditions as those of the original leases. At the conclusion of that period further renewals of lease may be permitted, but upon terms in accord with the land regulations governing the Open Port of Tsingtao. Any leases granted after the exchange of ratifications of the Shantung Treaty shall be cancelled by the Japanese authorities.

Properties for the use of the Japanese Consul and bodies of Japanese residents, including the building of the Consulate, the official residence of the Consul-General, the building of the present Post Department, the official residence of the director of Civil Administration, et cetera, are to be retained by Japan.

Japan may purchase salt from the salt works of Tsingtao to the extent of between one hundred million and three hundred and fifty million Kin a year for a period of fifteen years beginning in 1923. When the said term shall have expired negotiations may be entered into for an extension of this privilege of purchase.

Of the amount of compensation, namely, sixteen million yen, to be paid by China for the transfer of public properties and the salt industry, a sum of two million yen shall be paid in cash within one month of the transfer of the administration. The remaining fourteen million yen is to be paid in Treasury Bills, to be issued at par value, for a term of fifteen years, and bearing interest at the rate of 6 percent.

A committee chosen from among Japanese and Chinese capitalists shall undertake the task of establishing a Company for operating the mines along the Railway. When this Company has been organized by permission of the Chinese Government the mines and appurtenant properties shall be transferred to the Company. The Company shall be under joint Chinese and Japanese management and its capital shall be subscribed in equal portions, half and half. The manner in which the Company shall pay the Japanese Government for the mines is to be decided between the Government and the Company, the cost being fixed at five million yen.

793.94/1396 : Telegram

The Chargé in Japan (Wilson) to the Secretary of State

TOKYO, *December 6, 1922—6 p.m.*
[Received December 6—1 p.m.]

217. Following is text of Foreign Office statement issued today:

"The detailed agreement regarding the Shantung railway was signed at Peking on December 5th at 6 p.m., the amount of compensation for the railway being fixed at 40,000,000 yen and the rate of interest at 6 per cent per annum. Under this agreement it has been decided that the transfer of the railway shall begin at noon, January 1st, 1923, to be completed within a month. This latest agreement marks the completion of all the necessary arrangements regarding the restitution of Shantung."

WILSON

CHINESE ADMINISTRATION OF FORMER GERMAN AND AUSTRIAN CONCESSIONS AT TIENTSIN AND HANKOW

893.102T/51

The Minister in China (Crane) to the Secretary of State

No. 1168 PEKING, *May 6, 1921.*
[Received June 22.]

SIR: Referring to the administration of the ex-German and Austrian concessions at Tientsin and Hankow, the Legation has the honor to recall that with its despatch No. 1508, of May 28, 1917, File 851–810.2,[40] with which was enclosed a copy of an instruction of [*to*] the Consul General at Tientsin on the subject of taxes in the ex-German Concession, the following comment was made:

"In taking over the administration of the German Concessions at Tientsin and Hankow, the Chinese Government did not attempt to reconstitute the several municipal organizations, but (no doubt wisely in the interests of the municipalities) caused the existing organizations to continue their functions under the authority and supervision of the Bureaus appointed for the purpose by the Chinese Government. There is reason to believe that this arrangement is more satisfactory to property holders and lessees in those Concessions than an attempt to institute direct Chinese administration."

Unsatisfactory as was the administration of these areas at first it was made more so by the issuance of certain regulations under date of December 29, 1919, providing for various procedures relating to taxes, etc. connected with land transactions in the ex-concessions and with land formerly enemy-owned outside the limits thereof.

[40] Not printed.

Translations of these regulations are to be found under cover of despatch No. 29 of January 19, 1920, and No. 80 of March 5, 1920, from the Consulate General at Tientsin to the Legation, copies of which are among the enclosures hereto.[41] Extensive negotiations took place between the Chinese and foreign local representatives and between the Diplomatic Body and the Chinese Foreign Office in an effort to remedy the more glaring defects of these regulations but no substantial progress was made, and the matter has now been further complicated by the issuance of another set of regulations under date of December 19, 1920, a translation of which was enclosed with a despatch dated January 17, 1921, from the Consulate General at Tientsin to the Legation, a copy of which was sent to the Department direct.[41]

For the purpose of completing the Department's files in regard to this subject, and in order to show the manner in which the Chinese authorities have attempted to encroach upon the rights hitherto enjoyed by residents in these concessions, in contravention of Article 132 of the Paris Treaty of Peace in which the Chinese representatives authorized a declaration that the restoration to China of the full exercise of her sovereign rights in these areas would not affect the property rights of the nationals of the allied and associated Powers who are holders of property in these concessions, the Legation has the honor to enclose copies of various documents relating to the subject in interest.[41] It is recognized that the Treaty undertaking quoted above applies as yet only to the Austrian Concession, but the Legation understands that a separate agreement to the same effect was given by the Chinese Government in 1917, and an attempt will be made to secure and remit a copy of the same to the Department.

The new regulations have formed the subject of discussions at meetings of the Diplomatic Body, which sympathizes with the Consular Body at Tientsin in feeling that the manner in which the control of the ex-concessions is taken entirely away from the residents and placed in the hands of appointed officials in all that regards actual power is not only a breach of faith on the part of the Chinese Government but is entirely impracticable from the standpoint of the welfare of the concessions themselves. The Diplomatic Body appointed representatives from the Legations of the other nations possessing concessions in Tientsin to negotiate in an informal way with the Foreign Office representatives in order to ascertain whether any more satisfactory settlement could be evolved.

While it will serve no purpose to recount the progress of these informal discussions the Legation desires to state that the representa-

[41] Not printed.

tives of the Legations concerned, with whom on behalf of American citizens this Legation will perforce associate itself, have drawn up a tentative plan of organization whereby a municipal council elected in the usual manner would have effective control of financial and executive functions in the concessions including the police, but acting under the chairmanship of an official appointed by the Chinese Government. This scheme has been demonstrated by past experience to be workable and just to all concerned, but it is quite at variance with the regulations of December 19, 1920, and there appear to be only slender grounds of a conventional sort upon which to press for its acceptance.

Large American financial interests, both actual and potential, depend upon suitable organizations being instituted in the three concessions concerned and their [*there*] exists a great probability that a direct effect may be felt in the municipal organizations in the ex-Russian Concessions. The matter is therefore of great moment to American interests, and the Legation respectfully requests the Department's instructions as to the length to which it may go in joining other nationalities in pressing for the creation of effective municipal governments in these ex-concessions. It is understood as a matter of course that treaty provisions in regard to residence at treaty ports and the ownership of land thereat in no case may be diminished.

I have [etc.]

(For the Minister)
A. B. Ruddock

893.102T/51

The Secretary of State to the Minister in China (Schurman)

No. 68 Washington, *January 25, 1922.*

Sir: The Department has had under careful consideration the Legation's despatch No. 1168 of May 6, 1921, relative to the administration of the ex-German and Austrian concessions at Tientsin and Hankow and notes that the various efforts of the Chinese Government directed towards the organization of the administration of these ex-enemy concessions has been a matter of some concern to the Legations of the allied and associated powers in view of the effect of these efforts upon the nationals of those countries either now resident in those areas or who may at some future date establish themselves there.

The Legation will recall that the second paragraph of Article 132 of the Versailles Treaty provides with regard to the ex-German concessions at Tientsin and Hankow that "China, restored to the full exercise of her sovereign rights in the above areas, declares her intention of opening them to international residence and trade. She further declares that the abrogation of the leases under which these

concessions are now held shall not affect the property rights of nationals of allied and associated powers who are holders of lots in these concessions". A similar provision is to be found in the Treaty of Peace with Austria concerning the restoration to Chinese sovereignty of the Austrian concession at Tientsin. The Government of the United States is not a party to either of these treaties. It is understood that while China is not party to the Versailles Treaty she obtained by the separate agreement with Germany of May 1920 [*1921*] confirmation of that treaty whereby the German concessions at Tientsin and Hankow were restored to Chinese sovereignty. As regards the Austrian concession at Tientsin it is understood that China is party to the Austrian Treaty above referred to.

Under the circumstances it would appear that the ex-Austrian and German concessions at Tientsin and Hankow have, by these agreements, been restored entirely to the sovereignty of China, the one condition imposed upon China being that she will open them to international residence and trade and that the abrogation of the former leases under which these concessions were held by Austria and Germany would not affect the property rights of nationals of the allied and associated powers who are holders of leases in those concessions. Under the circumstances above recited the Legation should limit its activities with reference to these concessions to efforts directed to the protection of existing property rights of American lot holders as well as to the right under the treaties which Americans have to lease and hold land at ports open to international trade and residence. In this connection the Legation should of course also exert every effort to see that American citizens are not denied the enjoyment of any privileges or rights granted to other nationals which, as a matter of course, accrue to American citizens by reason of the most favored nation clause of our treaty with China, whether these privileges or rights relate to the question of taxation or to participation in the local municipality.

I am [etc.] CHARLES E. HUGHES

COLOMBIA

EXCHANGE OF RATIFICATIONS OF THE TREATY OF APRIL 6, 1914, BETWEEN THE UNITED STATES AND COLOMBIA [1]

711.21/672 : Telegram

The Minister in Colombia (Philip) to the Secretary of State

BOGOTÁ, *January 6, 1922—10 a.m.*

[Received January 7—2 p.m.]

1. My cipher telegram December 24, 6 p.m.; [2] your cipher telegram December 31, 5 p. m.; [3] and your 19 of April 27, 5 p. m., 1921.[4] Dr. Antonio José Uribe appointed 4th instant Minister for Foreign Affairs conferring with me yesterday afternoon. In substance he said that the Colombian Government is now ready to effect exchange of ratifications, which it is excessively desirous of doing at the earliest possible date. Colombian law 56 of December 24, 1921 comprises only two articles: Article 1 embodies original treaty text. They agree to our Senate amendments and resolution; article 2 provides that mention of the note of Secretary of State, dated October 3, 1921,[5] to Colombian Legation at Washington, which interprets Senate resolution, should be made in resolution.

Dr. Uribe stated that his Government will employ the identical form of ratification exchange copy as is employed by the Department for all amended treaties, but that in the protocol of exchange to be signed by the Colombian Minister for Foreign Affairs and myself that it will insert the following:

"With reference to this exchange the following statement is incorporated in the present protocol in accordance with instructions received:

1. In conformity with the final resolution of the Senate of the United States in giving its consent to the ratification to the treaty in question, the stipulation contained in the first clause of article 1 by which there is ceded to the Republic of Colombia free passage of its troops, materials of war, and ships through the Panama Canal, shall not be applicable in case of a state of war between the Republic of Colombia and any other country.

2. The said final resolution of the Senate of the United States signifies, as the Secretary of State stated in the note which he addressed to the Colombian Legation in Washington on the 3rd day of October, 1921, 'that the Republic of Colombia will not enjoy the right of transporting its troops, materials of war, and ships of war, free of tolls, in case of war between Colombia and some other country, and consequently, the Republic of Colombia will be placed, in this case, on the

[1] For previous correspondence concerning treaty, see *Foreign Relations*, 1921, vol. I, pp. 638 ff.

[2] *Ibid.*, p. 644.

[3] Not printed.

[4] *Foreign Relations*, 1921, vol. I, p. 639.

[5] *Ibid.*, p. 640.

same footing and in the same condition as any other nation, in conformity with the Hay-Pauncefote Treaty concluded in 1901.[6] Thus, in consequence, the Republic of Colombia will not be placed by operation of the declaration of the Senate of the United States above mentioned, under any disadvantage as compared with the other belligerent or belligerents in the Panama Canal, in case of war between Colombia and some other nation or nations'. With this understanding the said resolution has been accepted by the Colombian Congress in accordance with the dispositions contained in article 2 of law 56 of 1921 'by which is modified law number 14 of 1914' approving the treaty.["]

Under the circumstances I see no objection to this procedure and therefore urge the usual ratification exchange and power be prepared by the Department and forwarded at once in next pouch together with instructions to sign exchange protocol embodying the above paragraphs as quoted.

PHILIP

711.21/672

The Secretary of State to the Minister in Colombia (Philip)

No. 478 WASHINGTON, *January 17, 1922.*

SIR: Your telegram No. 1, January 6th, 10 p.m. [*a.m.*], reporting concerning the acceptance by Colombia of the amendments and understanding contained in the Senate's resolution of April 20, 1921, advising and consenting to the ratification of the Treaty of April 6, 1914, between the United States and Colombia, was duly received.[7]

In pursuance of your request that the exchange instrument of ratification be promptly forwarded to you, I am transmitting in the pouch with this instruction [8]—

1. The President's instrument ratifying the Treaty as amended by the Senate and with the understanding, made a part of the Treaty, recited in the Senate's resolution, which instrument you are to exchange for the similar instrument of ratification by the President of Colombia;
2. The President's full power authorizing you to effect the exchange; and
3. A draft form of the protocol which you will sign with the Colombian plenipotentiary at the time of effecting the exchange, which incorporates the statement which your telegram reports is desired by the Colombian Government.

Before proceeding to the exchange, you will please be careful to see that the amendments and understanding of the Senate's resolution as ratified by Colombia in Spanish are substantially equivalent to their reading in English.

When the exchange shall have been effected, you will, on the same day, please advise the Department by cable of the fact and of the

[6] See *Foreign Relations*, 1901, pp. 241 ff.
[7] Resolution quoted in the Colombian Minister's despatch no. 5402, Sept. 27, 1921, *ibid.*, 1921, vol. I, p. 639.
[8] Enclosures not printed.

date of the Colombian ratification. The Colombian instrument of ratification and one original of the protocol of exchange in English should be forwarded to the Department by the first succeeding pouch.

I am [etc.] CHARLES E. HUGHES

711.21/698 : Telegram

The Colombian Minister of Foreign Affairs (Uribe) to the Secretary of State

[Translation]

BOGOTÁ, *March 1, 1922.*

[Received March 3.]

I have the honor to inform Your Excellency that on this day the exchange of ratifications of the Treaty of April 6, 1914, between Colombia and the United States of America was effected. The relations of cordial friendship which so long existed between the two nations are thus restored. ANTONIO JOSÉ URIBE

Treaty Series No. 661

Treaty between the United States and Colombia, Signed at Bogotá April 6, 1914, as Amended, and Protocol of Exchange of Ratifications, March 1, 1922 [10]

The United States of America and the Republic of Colombia, being desirous to remove all the misunderstandings growing out of the political events in Panama in November 1903; to restore the cordial friendship that formerly characterized the relations between the two countries, and also to define and regulate their rights and interests in respect of the interoceanic canal which the Government of the United States has constructed across the Isthmus of Panama, have resolved for this purpose to conclude a Treaty and have accordingly appointed as their Plenipotentiaries:

His Excellency the President of the United States of America, Thaddeus Austin Thomson, Envoy Extraordinary and Minister Plenipotentiary of the United States of America to the Government of the Republic of Colombia; and

His Excellency the President of the Republic of Colombia, Francisco José Urrutia, Minister for Foreign Affairs; Marco Fidel Suárez, First Designate to exercise the Executive Power; Nicolás Esguerra, Ex-Minister of State; José María González Valencia, Senator; Rafael Uribe Uribe, Senator; and Antonio José Uribe, President of the House of Representatives;

Who, after communicating to each other their respective full powers, which were found to be in due and proper form, have agreed upon the following:

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[10] Treaty in English and Spanish; Spanish text not printed. Ratification advised by the Senate, with amendments, Apr. 20, 1921; ratified by the President Jan. 11, 1922; ratified by Colombia, Mar. 1; ratifications exchanged at Bogotá, Mar. 1; proclaimed Mar. 30.

ARTICLE I

The Republic of Colombia shall enjoy the following rights in respect to the interoceanic Canal and the Panama Railway, the title to which is now vested entirely and absolutely in the United States of America, without any encumbrances or indemnities whatever.

1.—The Republic of Colombia shall be at liberty at all times to transport through the interoceanic Canal its troops, materials of war and ships of war, without paying any charges to the United States.

2.—The products of the soil and industry of Colombia passing through the Canal, as well as the Colombian mails, shall be exempt from any charge or duty other than those to which the products and mails of the United States may be subject. The products of the soil and industry of Colombia, such as cattle, salt and provisions, shall be admitted to entry in the Canal Zone, and likewise in the islands and main land occupied or which may be occupied by the United States as auxiliary and accessory thereto, without paying other duties or charges than those payable by similar products of the United States.

3.—Colombian citizens crossing the Canal Zone shall, upon production of proper proof of their nationality, be exempt from every toll, tax or duty to which citizens of the United States are not subject.

4.—Whenever traffic by the Canal is interrupted or whenever it shall be necessary for any other reason to use the railway, the troops, materials of war, products and mails of the Republic of Colombia, as above mentioned, shall be transported on the Railway between Ancon and Cristobal or on any other Railway substituted therefor, paying only the same charges and duties as are imposed upon the troops, materials of war, products and mails of the United States. The officers, agents and employees of the Government of Colombia shall, upon production of proper proof of their official character or their employment, also be entitled to passage on the said Railway on the same terms as officers, agents and employees of the Government of the United States.

5.—Coal, petroleum and sea salt, being the products of Colombia, for Colombian consumption passing from the Atlantic coast of Colombia to any Colombian port on the Pacific coast, and viceversa, shall, whenever traffic by the canal is interrupted, be transported over the aforesaid Railway free of any charge except the actual cost of handling and transportation, which shall not in any case exceed one half of the ordinary freight charges levied upon similar products of the United States passing over the Railway and in transit from one port to another of the United States.

ARTICLE II

The Government of the United States of America agrees to pay at the City of Washington to the Republic of Colombia the sum of twenty-five million dollars, gold, United States money, as follows: The sum of five million dollars shall be paid within six months after the exchange of ratifications of the present treaty, and reckoning from the date of that payment, the remaining twenty million dollars shall be paid in four annual installments of five million dollars each.

ARTICLE III

The Republic of Colombia recognizes Panama as an independent nation and taking as a basis the Colombian Law of June 9, 1855, agrees that the boundary shall be the following: From cape Tiburón to the headwaters of the Rio de la Miel and following the mountain chain by the ridge of Gandi to the Sierra de Chugargun and that of Mali going down by the ridges of Nigue to the heights of Aspave and from thence to a point on the Pacific half way between Cocalito and La Ardita.

In consideration of this recognition, the Government of the United States will, immediately after the exchange of the ratifications of the present Treaty, take the necessary steps in order to obtain from the Government of Panama the despatch of a duly accredited agent to negotiate and conclude with the Government of Colombia a Treaty of Peace and Friendship, with a view to bring about both the establishment of regular diplomatic relations between Colombia and Panama and the adjustment of all questions of pecuniary liability as between the two countries, in accordance with recognized principles of law and precedents.

ARTICLE IV

The present Treaty shall be approved and ratified by the High Contracting Parties in conformity with their respective laws, and the ratifications thereof shall be exchanged in the city of Bogotá, as soon as may be possible.

In faith whereof, the said Plenipotentiaries have signed the present Treaty in duplicate and have hereunto affixed their respective seals.

Done at the city of Bogotá, the sixth day of April in the year of our Lord nineteen hundred and fourteen.

[SEAL] THADDEUS AUSTIN THOMSON
[SEAL] FRANCISCO JOSÉ URRUTIA
[SEAL] MARCO FIDEL SUÁREZ
[SEAL] NICOLAS ESGUERRA
[SEAL] JOSÉ M. GONZÁLEZ VALENCIA
[SEAL] RAFAEL URIBE URIBE
[SEAL] ANTONIO JOSÉ URIBE

Protocol of Exchange

The undersigned Plenipotentiaries having met for the purpose of exchanging the ratifications of the Treaty signed at Bogota, on April 6, 1914, between the United States of America and Colombia, providing for the settlement of differences arising out of the events which took place on the Isthmus of Panama in November, 1903, and the ratifications of the Treaty aforesaid having been carefully compared and found exactly conformable to each other, the exchange took place this day in the usual form.

With reference to this exchange the following statement is incorporated in the present Protocol in accordance with instructions received:

1. In conformity with the final Resolution of the Senate of the United States in giving its consent to the ratification of the Treaty in question, the stipulation contained in the first clause of Article one by which there is ceded to the Republic of Colombia free passage of its troops, materials of war and ships of war through the Panama Canal, shall not be applicable in case of a state of war between the Republic of Colombia and any other country.

2. The said final Resolution of the Senate of the United States signifies, as the Secretary of State in effect stated in the note which he addressed to the Colombian Legation in Washington on the 3rd day of October, 1921, that the Republic of Colombia will not have the right of passage, free of tolls, for its troops, materials of war and ships of war, in case of war between Colombia and some other country, and consequently, the Republic of Colombia will be placed, when at war with another country, on the same footing as any other nation under similar conditions, as provided in the Hay-Pauncefote Treaty concluded in 1901; and that, therefore, the Republic of Colombia will not by operation of the declaration of the Senate of the United States above mentioned, be placed under any disadvantage as compared with the other belligerent or belligerents, in the Panama Canal, in case of war between Colombia and some other nation or nations. With this understanding the said Resolution has been accepted by the Colombian Congress in accordance with the dispositions contained in Article two of Law fifty-six of 1921, "by which is modified Law number fourteen of 1914" approving the Treaty.

In Witness Whereof, they have signed the present Protocol of Exchange and have affixed their seals thereto.

Done at Bogota, this first day of March, one thousand nine hundred and twenty-two.

[seal] Hoffman Philip
[seal] Antonio José Uribe

COSTA RICA

EXTRADITION TREATY BETWEEN THE UNITED STATES AND COSTA RICA, SIGNED NOVEMBER 10, 1922

211.18/8

The Secretary of State to the Chargé in Costa Rica (Thurston)

No. 27 WASHINGTON, *May 27, 1921.*

SIR: With a view to concluding a treaty of extradition between the United States and Costa Rica, and having reference to previous correspondence,[1] particularly your Legation's despatch No. 7 of November 15, 1911, and the Department's reply thereto No. 3, of November 29, 1911, you are instructed to ascertain whether the Foreign Office is disposed to resume negotiations looking to this end.

I am [etc.]

For the Secretary of State:
HENRY P. FLETCHER

211.18/13

The Secretary of State to the Chargé in Costa Rica (Thurston)

No. 35 WASHINGTON, *July 14, 1921.*

SIR: The Department has received your telegram No. 104 dated June 29, 1921,[1] in which you state that the Costa Rican Government is now willing to open negotiations with the United States with a view to concluding a treaty of extradition.

There is enclosed herewith for submission to the Costa Rican Government as a sample of a treaty which would be acceptable to this Government, two prints of the Extradition Treaty between the United States and Spain.[2]

In transmitting the draft to the Costa Rican Government, you will be careful to see that Articles III and IV follow the text of those articles as found in the protocol. . . .

I am [etc.] CHARLES E. HUGHES

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[1] Not printed.
[2] Signed June 15, 1904; *Foreign Relations*, 1908, p. 723.

211.18/14

The Chargé in Costa Rica (Thurston) to the Secretary of State

No. 230 SAN JOSÉ, *October 27, 1921.*
[Received November 9.]

SIR: I have the honor to refer to the Department's instruction number 35, of July 14, 1921, (file number 211.18/13) and to report that the Government of Costa Rica has expressed its readiness to conclude with that of the United States a Treaty of Extradition based upon the Treaty of Extradition between the United States and Spain—which was proposed by the Department as a model.

However, the Costa Rican Minister for Foreign Affairs has suggested certain modifications and amendments of the Treaty among which is one which I believe to be unacceptable. This proposed alteration consists of an amendment to Article IV of the draft, worded as follows: "In no case shall the death penalty be applied to the criminal delivered by virtue of extradition in accordance with the rules of this Treaty".

Another alteration which I believe undesirable is the proposed omission of Clause 3 of Article II, relating to rape and carnal knowledge of children under the age of twelve years.

A third alteration of a possibly objectionable character is the proposed elevation from 200 dollars to 1,000 dollars of the minimum amount criminally involved, as specified in several clauses of Article II.

While the Department did not furnish me instructions which would apply to the action of the Government of Costa Rica in proposing changes in the model treaty submitted, nevertheless I discussed with the Minister for Foreign Affairs the probable objections which would be opposed to his suggested alterations, and was informed by him that he would withdraw them if necessary to insure the negotiation of the Treaty. He requested me to submit to him in writing my opinion on the alterations, which I did. It is improbable that I shall receive his reply before the dispatch of this mail. I am confident, however, that the amendment concerning the death penalty will be withdrawn, and that the other proposed changes will be modified.

Copies of my first note to the Minister for Foreign Affairs, his reply, his draft of the proposed Treaty, a partial translation of same showing departures from the wording of the model Treaty with Spain and my note confirming my oral exposition of possibly unacceptable innovations in the Minister for Foreign Affairs' draft are transmitted herewith for the Department's information.[3]

I have the honor to state that my statements to the Minister for Foreign Affairs were only made after careful study of "Moore on

[3] The only enclosure printed is partial translation of treaty.

Extradition", and I venture to hope that my representations meet with the Department's approval. If so, I respectfully recommend that full power to sign the Treaty be forwarded to me upon receipt of this despatch, to be used subject to the Department's cabled instructions when informed of the withdrawal of the Minister for Foreign Affairs' proposed changes.

I have [etc.] WALTER C. THURSTON

[Enclosure]

Partial Translation of Draft Treaty Submitted by the Costa Rican Minister for Foreign Affairs, Showing Departures from Model Treaty with Spain

ARTICLE I

Same.

ARTICLE II

Preamble—same.

1. . . . infanticide, *as well as the attempt to commit these crimes and frustrated crimes.*

2. Included in 1.

3. Omitted.

4. Omitted.

5. Arson, *in case it is punishable by imprisonment.*

6. Same.

7 to 10. Same.

11. Forgery or the utterance of forged papers, *when the amount of the damage exceeds one thousand dollars or its equivalent at the legal rate in Costa Rican money.*

12. Same.

13. Same.

14. Same—amount raised to $1,000.

15. Same—amount raised to $1,000.

16. Same.

17. Same—amount raised to $500.

18. Same—amount raised to $1,000.

19. Omitted.

20. Same—amount raised to $1,000.

21. Same.

22. Same.

ARTICLE III

Same to line 16,[5] then altered as follows: . . . against the life of the Sovereign or Head of a foreign State, *or against the President of either of the signatory Republics*, shall not etc.

[5] Line 8, in *Foreign Relations*, 1908, p. 729.

ARTICLE IV

Same—with following amendment: "*In no case shall the death penalty be applied to the criminal under the terms of this Treaty.*"

ARTICLE V

Same.

ARTICLE VI

Same.

ARTICLE VII

Same.

ARTICLE VIII

Amended as follows: "*In each Republic, according to their respective laws, shall the citizenship of the delinquent be determined.*"

ARTICLE IX

Same.

ARTICLE X

Same.

ARTICLE XI

(Changed wording underlined [*italicized*])

The stipulations of this Convention shall be applicable to all territory, *whatever may be its situation*, belonging to *one or the other* of the contracting parties or *which may be occupied* and under the *jurisdiction of the same.*

Paragraph 2, line 10,[6] "Spain" omitted.

Paragraph 2, line 12,[7] "other than the United States" is omitted.

ARTICLE XII

Same.

ARTICLE XIII

Same.

ARTICLE XIV

(Changed wording underlined [*italicized*])

This *Treaty must be submitted for approval in the form prescribed by the laws of the two countries and* shall take effect etc. *The ratifications shall be exchanged in San José of Costa Rica or in Washington* as soon as possible.

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[6] Line 5, *ibid.*, p. 727.

[7] Line 6, *ibid.*

211.18/15

The Chargé in Costa Rica (Thurston) to the Secretary of State

No. 231 SAN JOSÉ, *October 29, 1921.*
[Received November 16.]

SIR: Complementing my despatch number 230 of October 27, I have the honor to inform the Department that I have received a note from the Minister for Foreign Affairs withdrawing his proposed amendment of the Treaty of Extradition regarding the death penalty, and requesting that his other proposed alterations of text be submitted to the Department.

A copy and translation of the note from the Minister for Foreign Affairs are attached hereto.[8]

I have [etc.] WALTER C. THURSTON

211.18/15

The Secretary of State to the Chargé in Costa Rica (Thurston)

No. 53 WASHINGTON, *November 30, 1921.*

SIR: The Department has received your despatch No. 230 of October 27, 1921, enumerating certain changes in the extradition treaty which have been proposed by the Government of Costa Rica, and your despatch No. 231, of October 29, 1921, in which you state that the Minister of Foreign Affairs has withdrawn one amendment proposed by the Government and has asked that the other proposed alterations of text be submitted to the Department.

By comparing the English draft of treaty, enclosure No. 5 of your despatch No. 230, with the draft treaty enclosed,[9] you will note that the Department has accepted with modification the suggested alteration in Section 1 of Article II. It was deemed advisable to delete the final phrase "and frustrated crime" in the suggested alteration. Since Section 1, Article II as amended embraces the attempt to commit the crimes therein enumerated, Section 2, Article II has been omitted.

It is deemed necessary in the interest of efficient administration of justice to include sections 3, 4, and 19 in Article II.

It is presumed that extradition would not be requested, for the crime specified in Section 5 Article II, if the offense were not punishable by imprisonment. The proposed modification of this section, therefore, is undesirable.

The suggested modification of Section 11, if accepted, would limit the crime in amount and character. There are cases where the monetary loss involved would be difficult, if not impossible, to ascertain.

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[8] Not printed.

[9] Text of draft treaty here mentioned not found in Department files.

The Department, therefore, deems it impracticable to accept this suggested modification.

The Department is of the opinion that the claims against property, enumerated in Sections 14, 15, 17, 18 and 20 of Article II, are now of sufficient gravity to justify extradition for their commission, and the suggested increases in the amounts involved, therefore, are not acceptable.

The amounts [*amendments*] suggested in Articles III and VIII are accepted.

The amendment suggested in the first paragraph of Article XI is accepted, as are the suggested omissions in lines 10 and 12 of Paragraph 2.

The amendment suggested in Article XIV is accepted.

The enclosed draft of treaty embracing the above amendments is acceptable to the Department, and if it meets with the approval of the Government of Costa Rica, you are instructed to conclude the formal treaty. Full powers for this purpose are enclosed.[10]

I am [etc.] CHARLES E. HUGHES

211.18/18 : Telegram

The Chargé in Costa Rica (Thurston) to the Secretary of State

SAN JOSÉ, *January 21, 1922—11 a.m.*
[Received January 22—5:25 p.m.]

146. Department's instruction number 53. Signed extradition treaty this morning with the Minister for Foreign Affairs.

THURSTON

211.18/27

The Minister in Costa Rica (Davis) to the Secretary of State

No. 51 SAN JOSÉ, *June 15, 1922.*
[Received June 28.]

SIR: I have the honor to refer to my cablegram number 32, dated June 14, 10 a.m.,[10] reporting the ratification with modifications of the Extradition Treaty between the United States and Costa Rica.

As reported in my despatch numbered 46, dated June 9, 1922,[10] Congress voted on June 7th to modify the Treaty so as to make it impossible to inflict the death penalty in cases of extradition, and in accordance with this decision the following amendment, which was made the concluding article of the Treaty, was proposed and passed on June 12th:

"ARTICLE 2. The delivery that the Republic of Costa Rica may make of a person by virtue of this Treaty will be made under the

[10] Not printed.

understood condition that capital punishment shall not be applied to the criminal."

Immediately upon the ratification of the Treaty in its modified form it was sent to the President, who signed the same as an official decree of this Government. I have the honor to transmit with this despatch a copy of the Decree of Congress, No. 19, showing the Treaty in its modified form, together with a translation of the same.[11]

I understand that those opposed to the Treaty based their objections upon the following grounds:

1. That Article 45 of the Constitution of Costa Rica prohibits capital punishment. This Article reads as follows: "Human life is inviolable in Costa Rica".

2. That Section 7 of Article 11, Title I, Chapter II, of the Penal Code of Costa Rica also prohibits capital punishment. This Section reads as follows:

"Article 11. Extradition will not be granted in any of the following cases: . . .[12] Section 7. When the action on which extradition of the criminal is claimed may be punishable by the death penalty in the State making the claim, except it agrees to apply one (a penalty) inferior".

In this connection I desire to call the attention of the Department to the fact that the above Article is a part of the so-called Tinoco Penal Code of 1918, which I understand is not now the recognized Penal Code of Costa Rica.

3. That all Extradition Treaties approved by Costa Rica contain a provision similar to the one proposed for the Treaty with the United States. In this connection I called the attention of this Government to the Treaty between Costa Rica and Nicaragua, which apparently does not contain such a provision.

4. That on account of humanitarian reasons Costa Rica could not approve of extradition where the death penalty is contemplated.

. . . . . .

I have [etc.] ROY T. DAVIS

211.18/27

The Secretary of State to the Minister in Costa Rica (Davis)

No. 91 WASHINGTON, *August 22, 1922.*

SIR: The Department has received your despatch No. 51 of June 15, 1922, respecting the ratification of the Extradition Convention by the Congress of Costa Rica.

You are instructed to advise the Foreign Office that this Government cannot agree to the modification as indicated in Article 2 of the

[11] Not printed.

[12] Omission indicated in original despatch.

Costa Rican decree of ratification. You may indicate, however, the willingness of this Government to effect an exchange of notes similar to that which followed the signing of the Extradition Convention with Portugal in 1908 as set forth at pages 1475 and 1476 in the Compilation entitled "*Treaties, Conventions, International Acts, Protocols and Agreements Between the United States and Other Powers*".[13]

In advising and consenting to the ratification of the Extradition Convention with Portugal, the Senate of the United States expressed its understanding that the agreement just before mentioned would, in effect, form part of the treaty.

In conclusion you may express the hope that the Government of Costa Rica will acquiesce in the plan proposed for an exchange of notes embodying substantially the modification now expressed in Article 2 of the Costa Rican decree of ratification.

I am [etc.] CHARLES E. HUGHES

211.18/29 : Telegram

The Minister in Costa Rica (Davis) to the Secretary of State

SAN JOSÉ, *October 18, 1922—6 p.m.*

[Received October 19—12:20 p.m.]

61. Department's instruction number 91, August 22nd. Minister for Foreign Affairs after a consultation with members of Congress agrees to Department's suggestion for ratification of Extradition Convention and exchange of notes. Chairman of the Committee on Foreign Affairs maintains that convention as ratified by Costa Rican Congress and approved by the President cannot be resubmitted under the rules of Costa Rican Congress and advises signing a new convention. I have urged resubmission. Minister for Foreign Affairs will leave for vacation very soon and has expressed a desire to submit convention before leaving and while Congress is in extra session; also desires notes exchanged here if possible. Respectfully request cable instructions and information about procedure to be followed in ratification and exchange of notes also full power in case of necessity of signing another convention.

DAVIS

211.18/30 : Telegram

The Secretary of State to the Minister in Costa Rica (Davis)

WASHINGTON, *October 23, 1922—4 p.m.*

18. Your 61 October 18, 6 p.m.

If there is any doubt under Costa Rican law or regulations as to validity resubmission extradition convention it would be preferable to sign new convention. Full power being sent you.[14]

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[13] Compiled by William M. Malloy.

[14] Not printed.

In connection with ratification Foreign Office should apparently address note to you in terms similar to those employed in Portuguese note page 1475 Malloy's Treaty Compilation, your reply to which would follow lines of Department's answer to Portuguese note set out page 1476.

HUGHES

Treaty Series No. 668

Treaty between the United States and Costa Rica, Signed at San José, November 10, 1922 [15]

The Republics of the United States of America and of Costa Rica, desiring to assure the prompt and efficient action of justice in punishing delinquents who attempt to escape the penalty prescribed by the Laws of one country by taking refuge in the other, have resolved to conclude a Treaty of Extradition. For that purpose they have named as their respective Plenipotentiaries:

The President of the United States of America, Mr. Roy Tasco Davis, Envoy Extraordinary and Minister Plenipotentiary of the United States of America in Costa Rica; and

The President of the Republic of Costa Rica, the Secretary of State in the Office of Foreign Relations, señor José Andrés Coronado Alvarado;

Who, after having mutually communicated their full powers, and they being found in good and due form, have stipulated as follows:

ARTICLE I

It is agreed that the Government of the United States of America and the Government of Costa Rica shall, upon mutual requisition duly made as herein provided deliver up to justice any person who may be charged with, or may have been convicted of any of the crimes specified in Article II of this Convention committed within the jurisdiction of one of the Contracting Parties while said person was actually within such jurisdiction when the crime was committed, and who shall seek an asylum or shall be found within the territories of the other, provided that such surrender shall take place only upon such evidence of criminality, as according to the laws of the place where the fugitive or person so charged shall be found, would justify his apprehension and commitment for trial if the crime or offense had been there committed.

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[15] In English and Spanish; Spanish text not printed. Ratification advised by the Senate, Feb. 8, 1923; ratified by the President, April 11; ratified by Costa Rica, March 7; ratifications exchanged at San José, April 27; proclaimed, May 3.

ARTICLE II

Persons shall be delivered up according to the provisions of this Convention, who shall have been charged with or convicted of any of the following crimes:

1. Murder, comprehending the crimes designated by the terms of parricide, assassination, manslaughter, when voluntary, poisoning or infanticide, as well as the attempt to commit these crimes.

2. Rape, abortion, carnal knowledge of children under the age of twelve years.

3. Bigamy.

4. Arson.

5. Willfull and unlawful destruction or obstruction of railroads, which endangers human life.

6. Crimes committed at sea:

(*a*) Piracy, as commonly known and defined by the laws of Nations, or by Statute;

(*b*) Wrongfully sinking or destroying a vessel at sea or attempting to do so;

(*c*) Mutiny or conspiracy by two or more members of the crew or other persons on board of a vessel on the high seas, for the purpose of rebelling against the authority of the Captain or Commander of such vessel, or by fraud or violence taking possession of such vessel;

(*d*) Assault on board ships upon the high seas with intent to do bodily harm.

7. Burglary, defined to be the act of breaking into and entering the house of another in the night time with intent to commit a felony therein.

8. The act of breaking into and entering into the offices of the Government and public authorities, or the offices of banks, banking houses, saving banks, trust companies, insurance companies, or other buildings not dwellings with intent to commit a felony therein.

9. Robbery, defined to be the act of feloniously and forcibly taking from the person of another, goods or money by violence or by putting him in fear.

10. Forgery or the utterance of forged papers.

11. The forgery or falsification of the official acts of the Government or public authority, including Courts of Justice, or the uttering or fraudulent use of any of the same.

12. The fabrication of counterfeit money, whether coin or paper, counterfeit titles or coupons of public debt, created by National, State, Provincial, Territorial, Local or Municipal Governments, banknotes, or other instruments of public credit, counterfeit seals, stamps, dies and marks of State or public administrations, and the utterance, circulation or fraudulent use of the above mentioned objects.

13. Embezzlement or criminal malversation committed within the jurisdiction of one or the other party by public officers or depositaries, where the amount embezzled exceeds two hundred dollars (or Costa Rican equivalent).

14. Embezzlement by any person or persons hired, salaried or employed, to the detriment of their employers or principals, when the crime or offense is punishable by imprisonment or other corporal punishment by the laws of both countries, and where the amount embezzled exceeds two hundred dollars (or Costa Rican equivalent).

15. Kidnapping of minors or adults, defined to be the abduction or detention of a person or persons, in order to exact money from them or their families, or for any other unlawful end.

16. Larceny, defined to be the theft of effects, personal property, or money, of the value of twenty-five dollars, or more, (or Costa Rican equivalent).

17. Obtaining money, valuable securities or other property by false pretenses or receiving any money, valuable securities or other property knowing the same to have been unlawfully obtained, where the amount of money or the value of the property so obtained or received exceeds two hundred dollars (or Costa Rican equivalent).

18. Perjury or subornation of perjury.

19. Fraud or breach of trust by a bailee, banker, agent, factor, trustee, executor, administrator, guardian, director or officer of any Company or Corporation, or by any one in any fiduciary position, where the amount of money or the value of the property misappropriated exceeds two hundred dollars (or Costa Rican equivalent).

20. Crimes and offenses against the laws of both countries for the suppression of slavery and slave trading.

21. The extradition is also to take place for participation in any of the aforesaid crimes as an accessory before or after the fact, provided such participation be punishable by imprisonment by the laws of both Contracting Parties.

Article III

The provisions of this Convention shall not import claim of extradition for any crime or offense of a political character, nor for acts connected with such crimes or offenses; and no person surrendered by or to either of the Contracting Parties in virtue of this Convention shall be tried or punished for a political crime or offense. When the offense charged comprises the act either of murder or assassination or of poisoning, either consummated or attempted, the fact that the offense was committed or attempted against the life of the Sovereign or Head of a foreign State, or against the President of either of the signatory Republics, shall not be deemed sufficient to sustain that

such a crime or offense was of a political character, or was an act connected with crimes or offenses of a political character.

ARTICLE IV

No person shall be tried for any crime or offense other than that for which he was surrendered.

ARTICLE V

A fugitive criminal shall not be surrendered under the provisions hereof, when, from lapse of time or other lawful cause, according to the laws of the place within the jurisdiction of which the crime was committed, the criminal is exempt from prosecution or punishment for the offense for which the surrender is asked.

ARTICLE VI

If a fugitive criminal whose surrender may be claimed pursuant to the stipulations hereof, be actually under prosecution out on bail or in custody, for a crime or offense committed in the country where he has sought asylum, or shall have been convicted thereof, his extradition may be deferred until such proceedings be determined, and, until he shall have been set at liberty in due course of law.

ARTICLE VII

If a fugitive criminal claimed by one of the parties hereto, shall be also claimed by one or more powers pursuant to treaty provisions, on account of crimes committed within their jurisdiction, such criminal shall be delivered to that State whose demand is first received.

ARTICLE VIII

Under the stipulations of this Convention, neither of the Contracting Parties shall be bound to deliver up its own citizens or subjects. In each Republic, according to their respective laws, shall the citizenship of the delinquent be determined.

ARTICLE IX

The expense of the arrest, detention, examination and transportation of the accused shall be paid by the Government which has preferred the demand for extradition.

ARTICLE X

Everything found in the possession of the fugitive criminal at the time of his arrest, whether being the proceeds of the crime or offense,

or which may be material as evidence in making proof of the crime, shall, so far as practicable, according to the laws of either of the Contracting Parties, be delivered up with his person at the time of the surrender. Nevertheless, the rights of a third party with regard to the articles aforesaid, shall be duly respected.

Article XI

The stipulations of this Convention shall be applicable to all territory, whatever may be its situation, belonging to one or the other of the Contracting Parties or which may be occupied and under the jurisdiction of the same.

Requisitions for the surrender of fugitives from justice shall be made by the respective diplomatic agents of the Contracting Parties. In the event of the absence of such Agents from the country or its seat of Government, requisition may be made by superior Consular officers.

It shall be competent for such Diplomatic or superior Consular officers to ask and obtain a mandate or preliminary warrant of arrest for the person whose surrender is sought, whereupon the judges and magistrates of the two Governments shall respectively have power and authority, upon complaint made under oath, to issue a warrant for the apprehension of the person charged, in order that he or she may be brought before such judge or magistrate, that the evidence of criminality may be heard and considered; and if, on such hearing, the evidence be deemed sufficient to sustain the charge, it shall be the duty of the examining judge or magistrate to certify the same to the proper executive authority, that a warrant may issue for the surrender of the fugitive.

If the fugitive criminal shall have been convicted of the crime for which his surrender is asked, a copy of the sentence of the Court before which such conviction took place, duly authenticated, shall be produced. If, however, the fugitive is merely charged with crime, a duly authenticated copy of the warrant of arrest in the country where the crime was commited, and of the depositions upon which such warrant may have been issued, shall be produced, with such other evidence or proof as may be deemed competent in the case.

Article XII

If when a person accused shall have been arrested in virtue of the mandate or preliminary warrant of arrest, issued by the competent authority as provided in Article XI hereof, and been brought before a judge or a magistrate to the end that the evidence of his or her guilt may be heard and examined as herein before provided, it shall appear that the mandate or preliminary warrant of arrest has been issued in pursuance of a request or declaration received by tele-

graph from the Government asking for the extradition, it shall be competent for the judge or magistrate at his discretion to hold the accused for a period not exceeding two months, so that the demanding Government may have opportunity to lay before such judge or magistrate legal evidence of the guilt of the accused, and if at the expiration of said period of two months, such legal evidence shall not have been produced before such judge or magistrate, the person arrested shall be released, provided that the examination of the charges preferred against such accused person shall not be actually going on.

Article XIII

In every case of a request made by either of the two Contracting Parties for the arrest, detention or extradition of fugitive criminals, the legal officers or fiscal ministry of the country where the proceedings of extradition are had, shall assist the officers of the Government demanding the extradition before the respective judges and magistrates, by every legal means within their or its power; and no claim whatever for compensation for any of the services so rendered shall be made against the Government demanding the extradition, provided, however, that any officer or officers of the surrendering Government so giving assistance, who shall, in the usual course of his or their duty, receive no salary or compensation other than specific fees for services performed, shall be entitled to receive from the Government demanding the extradition the customary fees for the acts or services performed by them, in the same manner and to the same amount as though such acts or services had been performed in ordinary criminal proceedings under the laws of the country of which they are officers.

Article XIV

This treaty must be submitted for approval in the form prescribed by the laws of the two countries and shall take effect from the day of the exchange of the ratifications thereof; but either Contracting Party may at any time terminate it on giving to the other six months notice of its intention to do so.

The ratifications shall be exchanged in San José of Costa Rica or in Washington as soon as possible.

In witness whereof the respective Plenipotentiaries have signed the above articles, and have hereunto affixed their seals.

Done in duplicate, at the city of San José de Costa Rica this tenth day of November one thousand nine hundred and twenty two.

[SEAL] Roy Tasco Davis
[SEAL] J. A. Coronado

Treaty Series No. 668

The Costa Rican Minister for Foreign Affairs (Coronado) to the American Minister (Davis)

[Translation]

No. 333 B San José, *November 10, 1922.*

Mr. Minister: I have the honor to inform Your Excellency that I have received instructions from the President of the Republic to declare on the part of the Government of Costa Rica, with reference to the extradition treaty that Your Excellency and the undersigned have just signed, that it is understood that the Government of the United States of America gives assurance that the death sentence will not be passed upon criminals surrendered by Costa Rica to the United States of America for any one of the crimes enumerated in the said treaty, and that that assurance will form an effective part of the treaty and that it will be so mentioned in its ratification.

I avail myself [etc.] J. A. Coronado

Treaty Series No. 668

The American Minister (Davis) to the Costa Rican Minister for Foreign Affairs (Coronado)

No. 63 San José, *November 10, 1922.*

Excellency: In signing today with the Secretary of State for Foreign Affairs of the Republic of Costa Rica the extradition treaty which was negotiated between the Government of the United States and that of Costa Rica, the undersigned Envoy Extraordinary and Minister Plenipotentiary of the United States of America has the honor to acknowledge and to take cognizance of the note of the Secretary of State for Foreign Affairs of this day's date, stating that he desires to place on record, on Behalf of the Costa Rican Government, its understanding that the Government of the United States assures that the death penalty will not be enforced against criminals delivered by Costa Rica to the United States for any of the crimes enumerated in the said treaty, and that such assurance is, in effect, to form part of the treaty and will be so mentioned in the ratifications of the treaty.

In order to make this assurance in the most effective manner possible, it is agreed by the United States, that no person charged with crime shall be extraditable from Costa Rica upon whom the death penalty can be inflicted for the offense charged by the laws of the jurisdiction in which the charge is pending.

This agreement on the part of the United States will be mentioned in the ratifications of the treaty and will in effect form part of the treaty.

I avail myself [etc.] Roy T. Davis

211.18/35a

The Secretary of State to President Harding

WASHINGTON, *February 7, 1923.*

MY DEAR MR. PRESIDENT: I am returning, with a view to its retransmission to the Senate for its reconsideration, if you approve of such course, the Treaty of Extradition signed between the United States and Costa Rica on November 10, 1922. You will see by the draft message of transmission,[16] which has been drafted in the Department for your signature, that the Senate in its resolution of January 26, giving advice and consent to ratification of the Treaty, failed to make any mention of the notes regarding the non-applicability of the death penalty to criminals delivered by Costa Rica for capital crimes, which were exchanged at the time of the signature of the Treaty and which, in effect, are to form a part of the Treaty and are to be mentioned in the ratifications of the Treaty.

There would seem to be no hope of exchange of ratifications of the Treaty without a compliance with these stipulations.

Faithfully yours,

CHARLES E. HUGHES

Treaty Series No. 668

Resolution of the Senate of the United States Advising Ratification of the Extradition Treaty with Costa Rica

IN EXECUTIVE SESSION, SENATE OF THE UNITED STATES,
February 8, 1923.

Resolved (Two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive A, 67th Congress, 4th Session, an extradition treaty between the United States and Costa Rica, signed at San Jose on November 10, 1922, and

That it is agreed by the United States that no person charged with crime shall be extradited from Costa Rica upon whom the death penalty can be inflicted for the offense charged by the laws of the jurisdiction in which the charge is pending, and that this agreement on the part of the United States will be mentioned in the ratifications of the treaty and will, in effect, form part of the treaty.

Attest:

GEORGE A. SANDERSON, *Secretary*
By H. M. ROSE, *Assistant Secretary*

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[16] Not printed.

211.18/37

The Chairman of the Senate Committee on Foreign Relations (Lodge) to the Secretary of State

WASHINGTON, *February 9, 1923.*

MY DEAR MR. SECRETARY: The President's Message about the Costa Rican Treaty came in yesterday afternoon. I had the former vote of ratification reconsidered and the treaty was again ratified, as were also the notes in the form suggested in the Message, so that there has been no loss of time. I read over your letter of transmittal and find that it was my stupidity which made me overlook the fact that you wanted the notes confirmed as well as the treaty. I ought to have observed it but it is an unusual proceeding and, although I noted your allusion to Portugal, I quite failed to observe that one point.

Sincerely yours,

H. C. LODGE

REPRESENTATIONS BY THE UNITED STATES TO COSTA RICA DEPRECATING ARBITRARY CANCELATION OF THE COSTA RICA OIL CORPORATION'S CONTRACT [17]

818.6363/106

The Chargé in Costa Rica (Thurston) to the Secretary of State

[Extract]

No. 274 SAN JOSÉ, *January 4, 1922.*

[Received January 18.]

SIR:

. . . . . .

Expressed simply, the present status of the controversy is this:

FIRST

The Government claims the Corporation has failed to actually produce oil within the three years stipulated in Clause (*i*) Article One,

while

The Corporation asserts that Clause (*i*) Article One does not and in common sense can not imply that the Corporation obligated itself to produce oil in an unproved field within a given time under penalty of forfeiture of its concession.

[17] For previous correspondence, see *Foreign Relations*, 1921, vol. I, p. 668.

SECOND

The Government claims that the Corporation " without the previous consent of the Executive Power made transfer of shares to the Sinclair Enterprise " in alleged violation of a clause of Article Thirteen

while

The Corporation states that " the Pinto-Greulich Contract was transferred to the Costa Rica Oil Corporation in accordance with Article Sixteen. The Costa Rica Oil Corporation is today the owner of the contract and it has not transferred the contract by sale, lease, mortgage or in any other manner to the Sinclair Company or to any other person or Company. It is a well established principle of Costa Rican corporation law and every other corporation law, that the assets of a corporation—and the Pinto-Greulich contract is the principal asset of the Costa Rica Oil Corporation—are vested in the corporation, not the shareholders, and the transfer of the shares of a corporation from hand to hand neither modifies the legal capacity of the corporation nor alters its assets nor affects its obligations."

THIRD

The Government claims that the two above mentioned violations of the contract are cited, as causes for which the contract may be cancelled, in Article Thirteen, paragraph one of which grants to the Government authority to declare the contract extinct if ". . .[18] exploitations . . .[18] are not made within the periods stipulated " or if the contract " be transferred, be it by means of sale, lease etc."

while

The Corporation holds that the " administrative declaration of caducity which the concession provides the Government may make in certain cases, cannot be made until after the arbitration provided for by the terms of the Concession has been had and the finding is against the Company "; that notwithstanding the Government's contrary opinion the Corporation has not been called upon to defend itself and has not submitted a defense, as stipulated in the final paragraph of Article Thirteen; that Clause (*k*) Article One provides for arbitration of any dispute in the form described in Article Fourteen, and that arbitration in any other form will be refused, and

FOURTH

The Government maintains that Article Fourteen contemplates arbitration only of disputes concerning the drilling of wells or the

[18] Omission indicated on despatch.

commercial exploitation of the deposits, and that Clause(*k*) Article One admits to arbitration under Article Fourteen only disputes concerning matters specifically cited in Article One,

while

The Corporation insists that such a limited interpretation is unnatural and unfair, and that Clause(*k*) Article One applies to any dispute.

. . . . . .

I have [etc.] WALTER C. THURSTON

818.6363/112 : Telegram

The Minister in Costa Rica (Davis) to the Secretary of State

SAN JOSÉ, *April 29, 1922—11 a. m.*
[Received 11:20 p.m.]

15. My telegram number 10, April 15, 2 p.m.[19] Minister of Foreign Affairs . . . informed me Special Investigator Esquivel has reported relative to contract of Costa Rica Oil Corporation and according to present plans the President will cancel contract by Executive decree at an early date. Cancellation based on charges one and two reported on page 3 despatch number 274, January 4, 1922.[20] Corporation maintains forfeiture can be declared only after contractor is heard in his defense.

DAVIS

818.6363/112 : Telegram

The Secretary of State to the Minister in Costa Rica (Davis)

WASHINGTON, *May 5, 1922—3 p.m.*

7. Your 15, April 29, 11 A.M.

If the corporation desires further representations, you will earnestly impress upon the President that Department would view with concern any action by the Costa Rican Government looking to the arbitrary cancellation of the contract or disregarding the provisions of Article 14 for the arbitration of disputes between the Government and the contractor. You will urge that this Government expects the American interests concerned to receive from the Costa Rican Government all of the rights both substantive and procedural to which the contract entitles them.

HUGHES

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[19] Not printed.
[20] See "First" and "Second", pp. 996–997.

818.6363/114 : Telegram

The Minister in Costa Rica (Davis) to the Secretary of State

SAN JOSÉ, *May 8, 1922—9 a.m.*
[Received 7:30 p.m.]

18. Your May 5, 3 p.m. Local representative greatly desires that representations be made but hesitates to request same on account of the provision in the contract which stipulates that in no case can contractor revert to diplomatic channels. If under these circumstances Department desires this Legation to make the opportune representation outlined in the above-mentioned cablegram please instruct immediately.

DAVIS

818.6363/114 : Telegram

The Secretary of State to the Minister in Costa Rica (Davis)

WASHINGTON, *May 13, 1922—5 p.m.*

8. Your 18, May 8, 9 A.M.

You may make representations in accordance with Department's 7, May 5, 3 P.M.

HUGHES

818.6363/118 : Telegram

The Minister in Costa Rica (Davis) to the Secretary of State

SAN JOSÉ, *May 16, 1922—3 p.m.*
[Received May 17—12:15 a.m.]

23. Minister of Public Works yesterday addressed a note to H. G. Wilson, local manager of the Costa Rica Oil Corporation claiming right to cancel contract for the following reasons:

1st. That the company failed to fulfill within the time provisions of paragraphs (a) and (i) of article I relative to exploration and exploitation, and the extension granted corporation July 19th, 1919, is not available because it was granted by the Tinoco Government whose acts have been annulled.

2d. That the contract is in possession of the Sinclair Central American Oil Corporation in violation of article XIII.

3d. That the correspondence between Government and company (see enclosures with despatches numbers 13, November 13th [*10th*], 1920,[21] 26 November 30th, 1920,[22] 106 June 3rd, 1921,[22] 120 June 15th, 1921,[22] 267 December 22nd, 1921[22] and 274 January 4th, 1922[23]) con-

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[21] *Foreign Relations*, 1920, vol. I, p. 843.
[22] Not printed.
[23] *Ante*, p. 996.

stitutes hearing provided for in the contract but that further hearing is granted and must be held within six days from May 17th. Wilson left for Havana the day before this note was delivered to his office. He cannot return to San José before the end of six days. Government is planning to cancel contract and I have just been informed confidentially that the declaration of caducity has been drawn up.

DAVIS

818.6363/120

The Secretary of State to the Minister in Costa Rica (Davis)

No. 81 WASHINGTON, *June 13, 1922.*

SIR: In its telegram of to-day's date,[24] the Department informed you that it was sending by mail an instruction setting forth fully its views regarding the threatened cancellation by the Government of Costa Rica of the concession of the Costa Rica Oil Corporation.

The Department understands that the Costa Rican Government insists that the transfer of the shares of the Costa Rica Oil Corporation to the Sinclair Central American Oil Corporation constituted a violation of the portion of Article XIII of the concession contract which provides that the contract shall lapse " if it be transferred by sale, lease, mortgage, or in any other manner to one of the syndicates now or hereafter existing for the exploitation of or dealing in petroleum without the prior consent of the Executive ", and rendered the concession subject to cancellation by administrative action. It is understood also from correspondence exchanged between the Government and the corporation that the purpose of the Government in placing that restriction on the transfer of the contract was to prevent the contract reaching the hands of a syndicate which would allow it to lie dormant for an indefinite time and hold it until needed for future uses, thereby preventing the immediate development of the oil resources of the country. As the Costa Rican Government is aware, only the shares of the Costa Rica Oil Corporation, and not the ownership and obligations of the contract, which continues to belong to the corporation, were acquired by the Sinclair company. Inasmuch as the ownership of the contract has not been transferred by the corporation, and since the corporation has been diligent in developing the territory covered by the concession and has spent in the work large sums of money greatly in excess of what it was obligated by the contract to spend, neither the letter nor the spirit of the contract was evaded or violated.

With respect to the declaration of the Government that the corporation has not performed its obligations to exploit, which arise under Clause i of Article I, it is submitted that the examination of

[24] Not printed.

Article I in its entirety reveals that the specific requirements that the contractor expend designated sums within prescribed periods of time in the exploration and exploitation of petroleum represents the maximum that the contractor was obligated to do to accomplish the general results mentioned in Clause i of the first Article. Moreover, it would seem unreasonable to require production of petroleum in commercial quantities, as the Government contends it was intended to require, in an undeveloped field where petroleum was not known to exist and might not be found, even by the exercise of the greatest diligence in prospecting. In any event it is the view of this Government that the version most unfavorable to the corporation which could be adopted on this point would be that the matter is doubtful, and, therefore, if the Costa Rican Government persists in its complaint regarding the failure of the corporation to produce oil in commercial quantities, this point of the controversy should be subjected to the procedure described in Article XIV of the concession contract. As the procedure required by Article XIV contemplates reliance upon experts to adjust such controversies, the reference of the Costa Rican Government communicated in your No. 22 of May 14, 3 p. m.,[25] to opinions of experts confirms this Government's views in this regard.

In further reference to arbitration of the controversy regarding exploitation, it will be observed that Clause k of Article I provides that in order to determine whether the contractor has failed to comply with any of his obligations, the procedure established by Article XIV is to be followed. Article XIV provides that if the Government should be dissatisfied by the progress made by the contractor in drilling wells or in exploitation, certain designated steps are to be taken with the ultimate object of arbitration by three experts, one to be appointed by the Government, one by the corporation, and the third to be selected by the other two. The Government has expressed dissatisfaction regarding the progress made by the corporation in exploiting petroleum deposits, and has declared that the corporation has failed to perform its obligations under the portion of the first Article of the contract (i) relating to exploitation. It is too obvious to require discussion to show that this point of the controversy falls clearly within Clause k of the first Article and Article XIV of the contract.

You may inform the Foreign Office that your Government has sought full information regarding the threatened cancellation of the concession of the corporation, and in the light of the information which has been obtained, it is convinced that for reasons indicated in the foregoing, the complaint regarding the transfer of the shares

[25] Not printed.

to the Sinclair company, even though arbitrable in accordance with the terms of the contract, should not be further pursued, and that if the Costa Rican Government persists in its dissatisfaction with the progress made by the corporation in exploiting petroleum deposits, that point should be subjected to the procedure prescribed by Article XIV in accordance with the clear intention of the concession contract. You may add that a review of the brief career of the Costa Rica Oil Corporation indicates that the company has from the beginning been needlessly harassed by the Costa Rican authorities, which could have no other effect than to retard the progress of the large work which it had undertaken. In conclusion, you may express the hope that the Government of Costa Rica will find means of bringing to an end in a just manner the vexatious controversy which has been in progress between the Government and the corporation; that the Government will accord the company the cooperation contemplated by the concession contract in order that the corporation may enjoy the benefits to which it is entitled under the concession, the validity of which has not been questioned, and that its work may not be further impeded and its enterprise wrecked and investment of several millions of dollars lost, and in order also that the two Governments may be spared the inconvenience which attends measures looking to the recovery of indemnity for losses sustained as a result of unwarranted interference by the authorities of one Government in the enjoyment of legal rights possessed by the citizens of another.

Before taking the action authorized by the foregoing, please confer with the representative in Costa Rica of the Costa Rica Oil Corporation. If the representative of the company does not desire the proposed action taken, you will so inform the Department by telegraph and await further instructions.

I am [etc.] CHARLES E. HUGHES

818.6363/137

The Minister in Costa Rica (Davis) to the Secretary of State

No. 66 SAN JOSÉ, *July 12, 1922.*

[Received July 26.]

SIR: I have the honor to refer to the Department's instruction number 81, dated June 13, and to report that on July 3, after conferring with the local representative of the Costa Rica Oil Corporation, I addressed a note to the Secretary of State for Foreign Affairs setting forth the attitude of the Department as indicated in the above mentioned instruction relative to the controversy between the Costa Rican Government and the Costa Rica Oil Corporation. I understand that my note is being studied by the Costa Rican Government and that a reply will be forthcoming at an early date. I am

under the impression that the definite views expressed by the Department will reduce to a minimum the possibility of this Government cancelling the contract by administrative action. I am unofficially informed that the Government will attempt to argue the matter, in the meantime seeking a compromise with the Corporation.

Pending the receipt of instruction referred to above I took occasion on June 25 to informally call the attention of the Secretary of State for Foreign Affairs to the previous cabled representations of my Government in this matter, in accordance with the Department's instruction number 75, dated May 18, 1922.[26] I considered this action necessary because of the pressure that was being brought to bear upon the Government for immediate action, and because of some indication that the Government might yield to this pressure.

Mr. H. G. Wilson, local representative of the Costa Rica Oil Corporation informs me that he has recently received a shipment of materials and supplies for use in connection with drilling operations and that the custom house officers promptly cooperated in admitting these supplies and materials in accordance with the terms of the concession contract. This attitude on the part of these officers reverses the attitude they have shown at other times, when, according to Mr. Wilson, they have refused to facilitate the introduction of supplies, and have insisted upon the payment of duties, presumably contrary to the terms of the contract.

One of the chief points of attack on the Costa Rica Oil Corporation by those who are actively opposing it is that only three wells have been drilled in the 400,000 hectares (nearly 1,000,000 acres) covered by the concession—two having been abandoned at a depth of less than 2,000 feet, and the third now being drilled at a depth of nearly 4,000 feet. It is the opinion of many unprejudiced observers that the Corporation would gain in public confidence and place itself beyond even unwarranted attacks, should it see fit to show additional activity in drilling operations, in the event that the threat of cancellation of the concession contract is removed. Without indicating any criticisms whatever of the Corporation I desire to repeat this opinion to the Department and to observe that it merits consideration.

I will promptly inform the Department of any further developments in this matter.

I have [etc.] ROY T. DAVIS

[26] Not printed.

CUBA

PROPOSALS BY GENERAL CROWDER FOR ADMINISTRATIVE AND FISCAL REFORM AND THEIR ACCEPTANCE BY PRESIDENT ZAYAS—MEASURES PROVIDING FOR AN EXTERNAL LOAN OF $50,000,000 [1]

837.51/674 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *January 3, 1922—9 p.m.*

[Received January 4—3 : 15 a.m.]

1. References to my urgent number 135 November 16th, 6 p.m.[2] particularly paragraph 3 : also urgent number 139 [3] and urgent number 143.[4] Have just finished prolonged conference President Zayas on budgetary decree which he will issue tomorrow making further reductions of $6,155,000 in his readjusted annual budget promulgated on October 29th last. This will bring the total expenditures for the current fiscal year down to about [$]63,000,000.

A further decree will be issued at an early date making further reductions in the Department of Public Instruction and in the Department of Agriculture, Commerce and Labor which, however, will not exceed $50,000.

President Zayas yesterday obtained the promise of leaders in Congress which he thinks dependable that reductions in the fixed budget aggregating about $1,670,000 in the legislative and judicial branches will be authorized rather promptly when Congress reassembles January 16th.

In view of the substantial reductions made, further reductions which seem assured, I now withdraw my objection to the temporary loan of $5,000,000. Zayas informs me that he will immediately renew his application for that advance loan.

Unless advised to the contrary I will leave for the United States Thursday morning via Key West arriving in Washington about noon Saturday.

CROWDER

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[1] For previous correspondence concerning the loan, see *Foreign Relations*, 1921, vol. I, pp. 697 ff.

[2] *Ibid.*, p. 757.

[3] Not printed.

[4] *Foreign Relations*, 1921, vol. I, p. 764.

837.51/680

The Secretary of State to the Cuban Minister (Céspedes)

WASHINGTON, *January 14, 1922.*

SIR: I have the honor to acknowledge the receipt of your note of November 10, 1921,[5] in which you advise me that in accordance with the program which the Government of Cuba has formulated for the solution of the economic difficulties with which it is at present confronted, and of which this Government is informed, the President of Cuba has obtained from the National Congress the necessary authority to negotiate a $5,000,000 loan. You state that this loan will be secured by bonds of the issue of 1917 and the stock pledged as security of the National Bank, aggregating $7,000,000 par value, securities which are now held in the General Treasury of the Republic. I am likewise advised that the proceeds of this proposed loan would be applied to pending liabilities of the Cuban Government such as postal money orders, interest and amortization of the public debt of the Republic of Cuba, and the payment, so far as may be possible, of the outstanding cheques of the Cuban Government; likewise, that the security for such loan, as above listed, would not be disposed of, but would merely be pledged as collateral until a foreign loan of $50,000,000 might be obtained by the Cuban Government for the payment of its floating debt and other liabilities, the present loan of $5,000,000 to be repaid from this larger loan of $50,000,000.

You state that the Cuban Government proposes to negotiate this larger loan of $50,000,000, with the authorization of the Cuban Congress, as soon as the national taxes and customs duties now in force are revised in accordance with the financial program which the Cuban Government is carrying out at this time. In conclusion, you inform me that in order to complete the present negotiations and secure the desired $5,000,000 loan, the Government of Cuba wishes to know whether, under the provisions of Article II of the Treaty of May 22, 1903,[6] between the United States and Cuba, the Government of the United States has any objection to raise to the contraction [*sic*] by the Cuban Government of this loan of $5,000,000.

In reply, I take pleasure in advising you that the Government of the United States has no objection to make to the obtaining by the Cuban Government of this loan of $5,000,000 for the purposes set forth and with the security stipulated in your note under acknowledgment, and with the understanding that the contracting of this loan forms the first feature of the program of financial reorganization described by you in your note of November 10th. I am gratified to note that one of the essential steps in this financial program was

[5] *Ibid.*, p. 757.
[6] For text of treaty, see *ibid.*, 1904, p. 243.

taken by President Zayas in his decree published on January 10th, by which substantial reductions were made in the budget for the current fiscal year. I feel confident that the Cuban Government will appreciate the fact that the sanctioning by the Government of the United States of this temporary loan of $5,000,000 need not necessarily entail approval of the permanent foreign loan of $50,000,000 suggested by the Cuban Government. Any decision as to the advisability of the flotation of this larger loan by the Cuban Government must necessarily be postponed by the Government of the United States, in view of its obligations under Article II of the Treaty of May 22, 1903, until such time as this Government is advised by the Government of Cuba that the revision of its internal revenues and tariff schedules, now being undertaken, has been completed and that the total revenue of the Republic obtained as the result of such revision will be adequate to meet the service of this proposed addition to the public debt of the Republic of Cuba.

Accept [etc.] CHARLES E. HUGHES

837.51/696a

The Secretary of State to the Representative on Special Mission in Cuba (Crowder), temporarily in the United States

WASHINGTON, *January 21, 1922.*

SIR: Immediately upon your return to Havana, the Department desires you to hand the following note to the President of Cuba, and to advise him of the importance which the Government of the United States attaches to the declarations contained therein:

"The return of General Crowder to Cuba as Special Representative of the President of the United States near the Cuban Government, to continue his mission of the past twelve months, appears to offer to this Government an appropriate occasion to refer somewhat more clearly and concretely than heretofore to this Government's understanding of its rights and duties respecting the Republic of Cuba by virtue of the permanent Treaty of 1903.

"This Government has readily appreciated the nature of the difficulties with which the present Government of Cuba was confronted when its President took office on May 20, 1921. The Island was then passing through an economic and industrial crisis, the full extent of which may perhaps not even now be fully comprehended. The industry and commerce of Cuba were gravely affected and the depression which existed in all branches of business was extreme. Moreover, the National Government, itself, was faced with a very large deficit in the Public Treasury, due to the fact that the shrinkage in its ordinary revenues made it impossible to meet, from normal sources, the increased expenditures contemplated in the National Budget. The Government of Cuba, therefore, was threatened with bankruptcy unless measures were taken with the utmost expedition

to increase such ordinary revenues by legitimate measures and to bring, by a policy of the most rigid economy, such expenditures within the national income, leaving at the same time a surplus sufficient to provide for any loan which the Cuban Government might be compelled to obtain to meet its immediate necessities.

" This Government realized that the course above indicated was the only one which would enable the Cuban Government to avert threatened dangers, and because of its peculiarly close and special relationship to the Cuban Government, endeavored at all times to advise and assist it in every possible way through the Special Representative of the President of the United States. It is, therefore, a cause of profound gratification to the Government of the United States that so many of the problems which have lately confronted the Cuban Government have either been solved, or are even now in process of solution, and that so many signs point to a steady improvement not only in its finances, but in general economic conditions throughout the Island. While this Government has, as above indicated, been at all times eager and desirous to afford to the Government of Cuba whatever assistance might profitably be extended, it has seemed at times, during the past few months, as if the Cuban Government could have more effectively availed itself of such assistance had that Government clearly comprehended that such aid and counsel was offered not only through friendly interest, but also by virtue of the rights vested in this Government by Article II of the permanent Treaty of 1903, to whose provisions it now seems appropriate to call the attention of the Cuban Government, namely:

'That said Government (of Cuba) shall not assume or contract any public debt, to pay the interest upon which, and to make reasonable sinking fund provision for the ultimate discharge of which, the ordinary revenues of the Island, after defraying the current expenses of the Government, shall be inadequate.'

The obligations here assumed are, it will be seen, no less imperative than those imposed by Article III, viz.:

'The Government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a Government adequate for the protection of life, property, and individual liberty, and for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States, now to be assumed and undertaken by the Government of Cuba.'

especially as the rights and interests of third parties may be even more vitally concerned.

" Since ' any public debt ' might call for interest and sinking fund for which the ' ordinary revenues ' would be ' inadequate ', it is clearly necessary that the United States should inform itself in advance of the contraction of any public debt whether the conditions required both by the aforesaid permanent Treaty and the Constitution of Cuba, are complied with. The Government of the United States is entitled to know, in the case of any public debt contemplated by the Government of Cuba, what ' the ordinary revenues ' are, from what sources they are derived, and what said sources have produced and may be expected to produce.

" Even more important is it for this Government to know what assurances the Government of Cuba offers for the maintenance of its

'ordinary revenues' and of their relation to its expenditures. For creditors must rely upon the complete performance of such assurances, quite as naturally and necessarily as upon the advance information above mentioned. In case it should appear that, subsequent to the contraction of 'any public debt' the expenditures of the Cuban Government have so increased that the 'ordinary revenues' have become 'inadequate' to provide the required interest and sinking fund, it would be necessary that the Cuban Government should at once secure either an increase in its revenues or a decrease in its expenditures in order that the required conditions should be fully met.

"At the present the service of the public debt appears to be in arrears for the period of about six months and to the extent of approximately two millions of dollars; current obligations, including the pay of army, navy, police and civil employees of all branches of the Government are unpaid, as are also accounts for transporting the mails, for supplies to public institutions like hospitals, and for the construction of needed public works. Even the Government's Treasury checks issued in partial discharge of such obligations are held by the banks awaiting payment. Obviously, such a condition of affairs infringes Article II of the Treaty and causes this Government, therefore, to consider very seriously what its duties may be in this contingency.

"The Government of Cuba will doubtless understand that it is in the light of the clear provisions of the Treaty and the duties it imposes that the Government of the United States is maintaining the Special Mission near the Cuban Government, and it feels it desirable upon this occasion to emphasize in this manner its belief that in order that the said Mission may be enabled to act effectively in its effort to render profitable aid to the Cuban Government, it should have free and full access to any and all sources of information which it may require, before the Government of the United States itself can either take intelligent action regarding whatever loan may be proposed, or determine what measures may be necessary for the appropriate protection of those who have extended credit to the Government of Cuba. To this end, it is essential that said Mission should at times offer suggestions and recommendations regarding needed fiscal measures and appropriate legislation and make such inspection of actual governmental operations as may in its judgment be required. And it may be assumed that such functions are understood by and acceptable to the Government of Cuba in view of its President's announced intention of May 12, 1921,[7] to the Special Representative of the President of the United States given out as a public statement and widely published in the press of Cuba, 'to utilize the valuable and disinterested services he is capable of rendering in resolving many difficult problems which confront us', by reason of 'his great knowledge of our affairs, his clear intelligence and his good intentions.'

"The Government of the United States believes that the Cuban Government will readily appreciate the friendly spirit in which this communication is made. This Government makes no demands upon Cuba, and only asks that its people may ever continue along the paths of liberty and progress and maintain steadfastly their national inde-

[7] Not printed; see telegram from the Secretary of State, no. 121, June 17, 1921, *Foreign Relations*, 1921, vol. I, p. 695.

pendence. It has been the firm purpose of this Government throughout its relations with the Republic of Cuba to foster and promote in every way possible the welfare and prosperity of the Cuban people and to take at all times whatever action might seem to it necessary to insure their independence. In order that both Governments may accomplish these ends in a spirit of the closest and friendliest cooperation, the Government of the United States feels certain that the Government of Cuba will coincide in its opinion that the first three articles of the permanent Treaty of 1903 are equally binding, and that this Government is entitled to assure itself that the provisions of both Article II and Article III are strictly complied with."

I have [etc.] CHARLES E. HUGHES

837.51/711

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *February 24, 1922.*
[Received February 28.]

MY DEAR MR. SECRETARY: In due course I presented to President Zayas your note dated February 9, 1922,[8] redefining the relations of the two Governments under the Permanent Treaty, and emphasizing the duties of my Special Mission to Cuba under Article 2 of the said Treaty.

On the occasion of my last visit to the President, February 22nd, he read to me the tentative draft of his reply. I ventured to express regret that he had thought it necessary to dissent in some measure from the construction of Article 2 set forth in the American note. I stated to him that I had had some discussion with the Department respecting the note, knew in greater detail than was expressed therein the views entertained by the Department, and asked to submit an amplified memorandum on the question which he had raised.

He then handed me his tentative draft of reply and requested me to submit my views. I succeeded in getting a translation of the same last night, copy attached marked "A", and sent him this morning the amplifying memorandum, copy attached marked "B", all of which is submitted for the better understanding of the Department.

The personal letter of President Harding has been presented.[9] I will report later Zayas' attitude on both the note and letter.[10]

Very respectfully,

E. H. CROWDER

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[8] See instruction to General Crowder, Jan. 21, *supra*.

[9] Not found in Department files.

[10] On March 13 General Crowder informed the Department that President Zayas had promised to submit to him the final draft before sending it, in which event he hoped to have the opportunity of advising the Department further. No later reference appears in the files.

[Enclosure 1—Translation]

Draft of President Zayas' Reply to the Secretary of State

HABANA, *February 21, 1922.*

On the 18th instant I had the honor to receive through General E. H. Crowder, Special Representative of the President of the United States of America, your Excellency's interesting communication dated the 9th of the same month.

I am pleased by your Excellency's appreciation of the improvement in the economic condition of the Republic of Cuba, which had come to be quite difficult, on account of abnormal and extraordinary circumstances productive of existing analogous conditions in other countries. Your Government, knowing perfectly the circumstances under which I occupied the Presidency, can judge the intensity of the efforts made to modify them, as has already been accomplished in great part. It is fitting to recall at this point that phrase of profound aptness: "To judge of the present, one should study the past."

Not for one moment have I doubted the friendly feelings of your Government, and very especially those of your Excellency, toward the people of Cuba and its independence and sovereignty; and I should fall short of the truth if I did not recognize in the acts of the Honorable President Harding, since he presides over that Republic, a sincere desire to aid Cuba effectively in its difficulties, which fortunately have now almost disappeared. Those feelings and this desire have been constantly demonstrated by the conduct of the distinguished Special Representative of President Harding, my esteemed friend General Crowder.

I am, and have been, in complete accord in recognizing the necessity for reducing the national expenditures, and increasing the receipts, under the Budget; and, with the expedition permitted by the observance of constitutional and legal procedure, the advisability of maintaining efficiency in the public services, and respect for created interests and at times for public opinion, I have succeeded in reducing to less than 60 millions of dollars the expenditures arising from the Budget, Special Laws and Presidential Decrees, which amounted to more than 130 millions annually; and I shall not delay in securing an increase in receipts through new taxes and the revision of existing ones, in addition to the increase which is already being produced in the ordinary revenues of the National Treasury through the improvement of economic conditions.

Your Excellency suggests that during the past months it has at times seemed that the Government of Cuba would have been able to obtain a more effective help from the Government of the United

States, if it had understood clearly that such aid was offered, not only through friendly interest, but also by virtue of the rights with which Art. II of the Permanent Treaty has invested the Government of the United States. It is of concern to me to place on record that I have never doubted the friendly interest, of extreme cordiality, of your Government; nor do I fail to recognize the rights granted to it by the Permanent Treaty of 1903; and I have not failed to see in the attitude of your Government a spirit of friendship in exercising said rights in some form.

In regard to these rights, I agree that Cuba, on obligating itself under Art. II of the Permanent Treaty with the United States not to assume or contract any public debt unless relying upon adequate ordinary revenues for the payment of interest and amortization, after covering its current expenses, recognizes that the Government of the United States is authorized to judge whether such condition is filled; and this authority implies that of requesting and examining data on which to base judgment.

I agree also that in accordance with Art. III, the Government of the United States is empowered to intervene in Cuban affairs in the following cases:—(A) When independence is endangered, to preserve it; (B) When an Administration which protects life, property and personal liberty is attacked, to maintain it; (C) When Cuba does not fulfill the obligations imposed upon the United States by the Treaty of Paris, and assumed by the Government of Cuba, to enforce their fulfillment.

Although from these articles of the Permanent Treaty there is not derived the right of the United States to inform itself regarding the maintaining of the ordinary revenues, and their relation to the expenditures, it is possible to admit that for the purpose of assuming or contracting a new public debt, it is essential to know and to study this point.

I differ somewhat from your Excellency's opinion, when your Excellency states that a situation infringing Art. II of the Permanent Treaty is created by the fact that the Treasury of Cuba owes sums under various heads to employees, private individuals and organizations. What this article prohibits is the assuming or contracting of a public debt without fulfilling certain requisites, and as long as the Government does not try to convert into public debt the indebtedness to certain private entities, or does not try to contract a loan for payment thereof, the occasion does not exist for invoking Art. II of the aforesaid Treaty.

Furthermore, the item of indebtedness through lack of prompt payment of the amortization and interest charges of foreign public debts has now disappeared, for the Government of Cuba (and it is

the only one which has so done) has paid to that of the United States the instalment due for amortization and interest charges on the debt contracted as a result of the war, and the arrears on the other exterior debts, and the amount of future payments for a three months' period is on deposit.

Of the interior public debts, it is indeed true that about two millions of dollars are owing; but payment thereof will begin within fifteen days.

On May 12, 1921, I stated that I was pleased to utilize the valuable and disinterested services which General E. H. Crowder was capable of rendering in the resolution of many difficult problems which were presented, on account of his great knowledge of our affairs, his intelligence and his upright motives. I continue of the same manner of thinking, inasmuch as, in fact, I have corroborated what I then said, having received from General Crowder very useful suggestions, and having observed at every moment his solicitous desire to aid the Government of Cuba in resolving favorably its problems. Accordingly, I have endeavored to have him furnished with all the data he has desired, from all sources of information, and have listened with the attention they deserve, to his suggestions and recommendations, always prudent and concordant with his sincere purpose of cooperating for the success of my administration.

From the above it follows that I have held no doubt as to the authority which the Permanent Treaty grants to the Government of the United States, nor have I ever doubted the excellent purposes of that Government respecting Cuba, as regards her independence, sovereignty, and moral and material interest; and it is by these sentiments that I have always seen General Crowder, Special Representative of President Harding, inspired; and I have the highest opinion of said General, as I have previously stated; that I have furnished, and shall continue to furnish to said Representative of that Government information and data on everything he may consider expedient or necessary for the fulfillment of his mission, within the authority granted by the Permanent Treaty.

Your Excellency may be fully assured of the sentiment of affectionate cordiality of the Cuban people toward the American people, which sentiment I endeavor to make even more profound; and be assured as well that my Government exerts itself to carry out its important functions, and is grateful for the kind cooperation lent it by the Government of the United States, which it considers a very capital factor for the attainment of its purposes.

I repeat to your Excellency my sincere consideration,

[Enclosure 2—Memorandum]

The Representative on Special Mission in Cuba (Crowder) to President Zayas

HABANA, *February 24, 1922.*

I. Under date of February 9th, 1922, the Honorable Secretary of State of the United States addressed to Your Excellency a note in which he recounted what was not in dispute at that time, namely,

(*a*) That the service of the public debt appears to be in arrears for the period of about six months;
(*b*) that current obligations, including the pay of the Army, Navy, Police and several employees of all branches of the Government were unpaid;
(*c*) that there were likewise in arrears payments of accounts for transporting the mails, for supplies of public institutions like hospitals, and for the contraction [*sic*] of public works; and
(*d*) that even the Government's Treasury checks issued in partial discharge of such obligations as are referred to in item (*c*) were held by the banks awaiting payment;

and announced the view that " such a condition of affairs infringes Article II of the Treaty."

II. In Your Excellency's proposed rejoinder of which I have been furnished a copy, it is stated to be your opinion that Article II of the Permanent Treaty is not infringed by the fact that " the Treasury of Cuba owes sums under various heads to employees, private individuals and organizations." As the position of my Government was that all the items, (*a*) to (*d*) *supra*, collectively showed infringement of said Article II of the Permanent Treaty, it is very obvious that Your Excellency's statement that Article II of the Permanent Treaty is not infringed by the fact alone that the Treasury of Cuba owes sums under various heads to employees, private individuals and organizations, is not responsive to the contention of my Government, and for that reason ought to be omitted.

III. I might well stop at this point with the observation that what I have said disposes of and answers fully the question at issue in the form it was presented by my Government. But as Your Excellency's proposed rejoinder seems to deny the right of the Government of the United States to consider default in meeting current obligations of Government in determining whether said Article II of the Permanent Treaty has been infringed, I beg to invite attention as follows:

IV. Said Article II provides as follows:

" That said Government shall not assume or contract any public debt to pay the interest upon which, and to make reasonable sinking-fund provision for the ultimate discharge of which the ordinary revenues of the Island [of Cuba], after defraying the current expenses of the Government, shall be inadequate."

Having regard to the history of the Permanent Treaty, as well as to the strict letter of Article II, the purpose of said article is very plain. Briefly, it is to place the solvency of the new Republic of Cuba under special guarantees. To this end, the Republic of Cuba stipulated in said article with the Government of the United States that it would not assume or contract any public debt unless the "ordinary" revenues of the Island of Cuba were sufficient,

(*a*) to pay interest and make reasonable sinking-fund provision for the ultimate discharge of the public debt, and
(*b*) to defray the current expenses of the Government.

On the date of the American Note, namely, February 9, 1922, it is beyond dispute; First, that the service of the public debt was largely in arrears and would have continued in arrears, had not this service been met, not out of the ordinary revenues as provided in said Article II, but out of an extraordinary source of Revenue, namely, the proceeds of a new loan; Second, that current expenses represented by sums under various heads owing to employees, individuals and organizations were largely in arrears for varying periods; and, Third, that the Treasury Statement rendered by the Honorable Secretary of the Treasury for Cuba on June 20, 1921, showed that the accumulated default in payment of current obligations on May 20th of that year amounted to $36,000,000 definitely ascertained, and an additional $10,000,000 estimated but not accurately ascertained.

V. In other words, there was failure on the part of Cuba to comply with both stipulations (*a*) and (*b*) of the immediately preceding paragraph. The special guarantees provided by said Article II of the Permanent Treaty had failed. A plainer case of infringement of said Article II could scarcely be presented.

Very respectfully,

E. H. Crowder

837.51/715

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

Habana, *February 25, 1922.*

[Received February 28.]

Dear Mr. Secretary: When Mr. Speyer [11] was here he suggested to President Zayas that, in his judgment, an indispensable prerequisite to a new loan would be an examination and statement of the national finances and the inauguration of a proper system of public accounting which would keep the world advised as to the financial conditions of Cuba. He suggested that this could best be accom-

[11] James Speyer, senior member of Speyer & Co., New York City.

plished by a specially constituted Commission and that the two creditor banks of New York, namely, Speyer & Company and Morgan,[12] should be represented thereon. He further suggested that a representative from a bank from the west, preferably Chicago, should be a member of said Commission. Mr. Speyer expressed to President Zayas his willingness to serve upon such a Commission without compensation, and that he had no doubt that Morgan's representative would adopt precisely the same attitude as would also the representative of the Chicago bank. He further stated to President Zayas that the only expense incident to the work would be incurred in the employment of a force of accountants and remarked that if this expense obstructed the convening of such a Commission, his House would contribute one-half the funds and that he had no doubt that the other banks represented upon the Commission would make proper contributions.

Zayas promised to take the whole matter under consideration, but thus far has done nothing. Personally I do not believe it will ever be possible for me to get, through the aid of such accountants as I can command, a Treasury Statement which will satisfy the financial world that it represents the actual situation of the Treasury, nor do I believe that I shall be able with the forces I can command to establish a proper system of financial accounting. It goes without saying that a statement of the National Treasury signed by representatives of the two creditor banks of New York would command instant and complete confidence and their recommendations as to a proper system of financial accounting ought to be very valuable.

I should like to be informed as promptly as possible whether the Department thinks well of the scheme proposed by Mr. Speyer and whether I shall support that scheme and urge its adoption with the President.

Very respectfully,

E. H. Crowder

837.51/733 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

Habana, *March 15, 1922—11 a.m.*

[Received 2:54 p.m.]

18. Reference to my despatch of February 25th. Request Department's instruction as to whether I am to take up with Mr. Dwight W. Morrow[13] who arrives tomorrow from Panama the scheme for an examination and statement of the national finances and system of public

[12] J. P. Morgan & Co., New York City.
[13] Partner in the firm of J. P. Morgan & Co.

accounting outlined in said despatch. In this connection see my despatch March 9th enclosure number 2.[15] Charges in Congress and in public press persist that the national expenditures are not within the readjusted budget and the Government seems unable produce convincing proof that they are. It is likewise true that no national audit and statement prepared by the Cuban Government will command confidence either here or in the United States.

CROWDER

837.51/733 : Telegram

The Secretary of State to the Representative on Special Mission in Cuba (Crowder)

WASHINGTON, *March 16, 1922—4 p.m.*

16. Your March 15, 11 a. m. Department approves discussion with Mr. Morrow, and, if you deem it advisable, with President Zayas, of scheme for examination and statement of national finances, and for new system of public accounting. It is believed that adequate accounting system should be specifically emphasized, pointing out that such system is necessary to enable both bankers and American Government to give proper consideration to question of permanent loan.

HUGHES

837.51/746

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *March 25, 1922.*

[Received March 28.]

DEAR MR. SECRETARY: Reference to my cable No. 18, March 15th, 11a.m. After conference with Stettinius[16] and Morrow, I am convinced that the audit and liquidation of the current budget down to February 28th which I had induced Secretary Gelabert to undertake, and which was in progress at the time of Mr. Morrow's arrival, will give us approximate figures as to any deficit in the current fiscal year and that we may, therefore, defer for the present, presentation of a demand for the very exhaustive audit I had in mind, until the time comes for the liquidation of the budget at the end of the current fiscal year.

I transmitted with my despatch of yesterday, March 24, 1922,[15] a copy of President Zayas' most recent Message to Congress. The

[15] Not printed.
[16] Edward R. Stettinius, member of the firm of J. P. Morgan & Co.

Department will notice his arraignment of the Congress for its inaction upon his most important recommendations, and in terms which demonstrate the incapacity of the Legislative Branch to deal with the present industrial and political crisis. The demonstration of such incapacity becomes complete with the consideration of the President's demands upon the Congress for constructive legislation hereto appended marked "A",[17] and the legislation actually enacted by the Congress since the Zayas Administration was inaugurated hereto appended marked "B".[17] Meantime, the public press of Cuba has published many charges of a similar character directed, not alone against Congress, but against all other branches of the Government. The time is rapidly approaching when the Department can proceed with the necessary justification to employ the ultimatum in demanding of the Zayas Administration the accomplishment of certain essential reforms, and I shall at an early date ask the authority of the Department to employ this method. In this connection, see the concluding portion of my despatches of August 22nd [17] and September 7, 1921.[18]

It has been my view, consistently adhered to, that the Zayas Administration should be given its fair chance to deal with the present crisis, assisted at every point by the advice of the United States Government. I think it is fair to try the case against the Administration upon the record that it makes during the current fiscal year. However, I shall not wait for the end of the fiscal year to ask the approval of the Department to make certain demands for specific reforms, to be accomplished within specified time limits, the necessity for which depends in no measure upon fiscal administration. I shall probably begin with the reorganization of the National Lottery in which the Department will recall Zayas promised to effect sweeping reforms within a period of five months. See my cable No. 66 of April 28, 1921.[19] Another important demand, and of considerable urgency should be for action upon the contractual indebtedness of the Government in the Department of Public Works. I am now engaged in formulating these demands which I shall submit at an early date for consideration of the Department with a view to receiving its instruction; and I suggest that in the event the Department approves my recommendation for an ultimatum, the Zayas Administration be given warning through Minister Céspedes of the importance the Department attached to the specific reform recommended and of the firm attitude I have been instructed to take.

Very respectfully,

E. H. Crowder

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[17] Not printed.
[18] *Foreign Relations*, 1921, vol. I, p. 726.
[19] *Ibid.*, p. 692.

837.51/750

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *April 5, 1922.*
[Received April 10.]

DEAR MR. SECRETARY: In my despatch of March 25th, 1922, paragraph 3, I gave notice of my intention to ask for the Department's approval of certain demands which I thought should be made upon the Zayas Administration. I said that I would probably begin with a demand for reorganization and reform of the National Lottery which I conceived to be of greater moment than any other reform to be made. At the opening of Congress on April 3rd, President Zayas communicated at great length his views and gave great prominence to the enactment of a proper Budget for the ensuing fiscal year. Because of this fact, I find it necessary to depart from the order in which I proposed to submit the Memoranda as announced in my prior despatch of March 25th and commence with the Memorandum upon the Budget hereto appended marked "A".[20]

The Department will take note of the fact that in this attached Memorandum I have spoken severe criticism of the Cuban Congress with special emphasis on the most vulnerable point, namely, their repeated failures to enact the annual budgets. I am convinced that nothing less severe or less insistent will be effective, and I am quite certain that in the form I have submitted it, it will be effective to secure the enactment of an economical Budget and the necessary closely related legislation. If the attached memorandum is approved by the Department and I am notified thereof, I shall send in almost immediately a second memorandum, outlining the duties of the President in framing the Budget and listing the specific reforms and reductions obviously necessary to be made if we are to have a properly balanced Budget—reforms and reductions which have been defeated thus far by considerations of political expediency. In succeeding Memoranda yet to be formulated and submitted to the Department, my effort will be to stimulate both the Executive and Legislative branches into that constructive action necessary to clean up the situation as far as possible between now and June 30th.

This letter goes forward with tomorrow's mail (Thursday), and should reach Washington Saturday afternoon. In due course it will be before the Department on Monday, April 10th. If approved by the Department, I request notice of such approval by telegram, if practicable, in order that I may select the opportune moment for presenting the Memorandum, which I think will be early next week

[20] Not printed.

in order that the President may utilize the remaining days of the Holy Week recess which the Cuban Congress has voted in giving to leaders information of the contents of the Memorandum.

Very respectfully,

E. H. CROWDER

837.51/749 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *April 8, 1922—4 p.m.*

[Received 10:34 p.m.]

21. Memorandum accompanying my despatch of April 5th due to reach Washington noon today and upon which I hope to have the action of the Department Monday or Tuesday, stresses the necessity of the most energetic measures on the part of the President to bring about the enactment by Congress within very short time limits of adequate budgetary and related legislation. I have just finished and am ready to submit a second memorandum to President Zayas in which I have urged that the action considered by my Government as absolutely vital includes:

First, the bringing of Congress to a full realization of the peril confronting the Nation if prompt and effective action is not taken in the enactment of an economical budget.

Second, the urgent duty of the Executive to take the initiative in preparing and submitting to Congress definite projects of laws for reducing the fixed budget legislative and judicial branches; for reorganization of diplomatic service, Department of Communications, Army and Navy, so as to permit of further economies in these services of $500,000, $1,200,000 and $2,000,000, respectively, or a total of nearly $4,000,000 in these services alone; and for suspension of the civil service law so as to permit proper reductions and selection of personnel.

I have not hesitated in this memorandum to represent that my Government considers that the legislative budget is indispensable for the ensuing fiscal year; that no budget would be satisfactory to my Government which did not embody the foregoing reforms, eliminate all sinecures or *botellas*, and keep within a maximum of expenditures of $55,000,000, five million of which to be devoted to improvements of public highways, public instruction, sanitation and charity; nor would any budget be satisfactory which did not set at rest the charge almost universally made and never adequately refuted that from 60 to 70 percent of the personnel on the pay rolls of Cuba would in reality be sufficient for the efficient administration of the nation.

I have concluded my memorandum with the following:

"My Government is impressed with the patriotic duty devolving upon Your Excellency, as the head of the Nation and as the one power within that Nation best informed as to the real situation of the Republic, to speak clearly, to act fearlessly in the attainment of a purpose, namely, the averting of a public danger which the Congress has probably not fully understood, and is perhaps not fully prepared to understand.

The compliance with this patriotic duty, the incorporation into the budget for 1922–23 of the necessary reforms, the congressional approval of that budget before June 30th next, would be heralded by my Government as a real demonstration in this field of successful republican government in Cuba; would definitely silence in this regard at least the constantly growing criticism which threatens to overwhelm and extinguish the existing self government in Cuba. The failure to give that demonstration under so clear a necessity would be fatal to the possibility of averting imminent financial disaster to the Cuban treasury; would place my Government in a position in which it could no longer avert the natural consequences and in which it could no longer ignore the accumulated evidence which has awakened world-wide attention and threatens to crystallize, definitely and adversely, world-wide public opinion."

Request telegraphic advice as to whether this telegram and my despatch of April 5th respects limits as to ultimatum which the Department desires me to observe. See pages 9 and 10, concluding portion my despatch of September 7th, 1921[21] and the Department's reply thereto in letter of Sumner Welles of October 7th, 1921 page 4.[22]

CROWDER

837.51/756

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *April 9, 1922.*
[Received April 14.]

DEAR MR. SECRETARY: I have the honor to transmit herewith the Memorandum referred to in my Urgent No. 21 of April 8th on the subject,—"The Executive and the Budget for 1922–23."[23] The Memorandum accompanying my despatch of April 5, 1922 was on the subject of,—"Necessity for Legislative Approval of a Budget for 1922–23."

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[21] *Foreign Relations*, 1921, vol. I, pp. 728–729.
[22] Not printed.
[23] Memorandum not printed; concluding paragraphs quoted in telegram no. 21, Apr. 8, from General Crowder, *supra*.

The working summary of both Memoranda is as follows:—

A. The Government of the United States insists upon:

1. Approval of the Budget for 1922–23 before June 30th next.

2. Limitation of expenditures under that Budget to a maximum of $55,000,000.

3. Inclusion within that maximum, of $5,000,000 for public improvements.

4. Attainment of the reductions necessary through:

(*a*) Reduction of Fixed Budget,
(*b*) Repeal of Law of August 9, 1919.
(*c*) Reorganization of Diplomatic Service, Service of Communications, Army and Navy.
(*d*) Suspension of Civil Service Law to permit of dismissal of excessive, incompetent or dishonest personnel.
(*e*) Elimination of all *Botellas.*

B. The Government of the United States bases its insistence on:

1. Necessity of Congressional coöperation with the President as a necessary demonstration of capacity for self-government.

2. Existence of a floating indebtedness of about $50,000,000, and of an additional deficit for the year 1921–22 of about $15,000,000.

3. Inadequacy of revenues for meeting the situation with a Budget of expenditures greater than $55,000,000, as shown by figures for 1921–22 in which revenues total between fifty-six and fifty-eight millions.

4. Present deteriorated condition of public highways and public institutions, due to insufficient consignments in the present distribution of credits.

5. An expense of maintenance of Legislative and Judicial branches of the Government, and of certain important institutions, out of all proportion to the total expense permitted by the revenues.

6. Existence of unnecessary personnel and sinecures at the expense of the adequate maintenance of public services.

C. The Government of the United States considers it the duty of the Executive to look for the proper solution of the problem:

1. On account of the President's commitments in the letter of October 16, 1921.[24]

2. Because of the obvious failure of Congress to properly understand the situation.

3. Because the President is best prepared to understand the situation, and to see that a failure to find a solution will bring responsibility upon both the Congress and himself for financial disaster to the Treasury and for the consequences following a further demonstration of incapacity of the independent republican government to meet the national crisis.

Very respectfully,

E. H. Crowder

[24] *Foreign Relations*, 1921, vol. I, p. 750.

837.51/756

The Chief of the Division of Latin American Affairs, Department of State (Munro) to the Secretary of State

[WASHINGTON,] *April 10, 1922.*

DEAR MR. SECRETARY: In the attached despatch [25] and telegram,[26] General Crowder requests authorization to present two memoranda, which he regards as equivalent to an ultimatum, to the Cuban Government. The first memorandum discusses very frankly the bad results of the failure of the Cuban Congress to enact a budget during the last four years and suggests to the President that he bring pressure to bear upon Congress to compel that Body to perform its duties under the Constitution. The second memorandum outlines the reforms which General Crowder considers indispensable in any budget which the Congress may enact. These reforms would reorganize the Diplomatic Service, the Department of Communications, and the Army and Navy, and would reduce the fixed budget in the Legislative and Judicial Departments so as to make possible an economy of nearly $4,000,000 annually in each of the services affected. General Crowder would also advise the suspension of the Civil Service Law, to permit reductions and improvements in the personnel of the Government Departments. He proposes to insist upon the elimination of all sinecures and the reduction of expenditures to a maximum of $55,000,000. He would conclude his memorandum with an unmistakable threat that the failure of the Cuban Congress to enact this legislation would force the United States Government to consider intervention.

I believe that General Crowder should be authorized to submit the first memorandum as it stands and to amplify it by a second memorandum embodying the reforms which he deems indispensable. I do not believe, however, that this Government would be justified in giving the communications referred to the character of an ultimatum or in threatening intervention if the Cuban Congress fails to pass the revised budget. It is not evident that the results of such a failure would be sufficiently disastrous to justify intervention. President Zayas has demonstrated that he himself has the power, if he wishes to use it, to reduce the expenditures of the Government to a point where they would be covered by the revenues. The budget of 1918–19, which has remained in force from year to year through the failure of the Congress to enact a new budget, provided, with subsequent increases, for an annual expenditure of $77,888,000. By executive action, President Zayas reduced the budget for the

[25] Despatch of Apr. 9, *supra*.
[26] Telegram of Apr. 8, 4 p.m., p. 1019.

current year beginning July, 1921, to $65,000,000 and subsequently to $59,000,000. At the present rate, the revenues for the current fiscal year will amount to $56,851,000. It is not clear that President Zayas could not by his own action make still further reductions in the budget applying to the next fiscal year if Congress failed to act, although action by Congress is necessary to effect certain economies, amounting to four or five million dollars a year, in the services where fixed expenditures are established by law. A continuation of the present financial situation, where the President has made economies without effecting a general reorganization of the Government Departments, would be deplorable, but it would not, in itself, justify intervention by this Government. There is no immediate prospect of default upon the foreign debt, or of a marked aggravation of the disorganization of public finances.

It must be remembered that these memoranda cover but one aspect of the comprehensive program of reform which General Crowder believes to be indispensable to enable Cuba to recover from her present desperate situation. He is planning to submit subsequent memoranda also in the form of ultimata dealing with the national lottery, the need for Constitutional reform and other matters. He has been pressing for reforms along these lines for several months, without any results, and he now feels that they can be secured only if this Government adopts a very decided attitude. The desirability for such reforms is obvious, and if, after full discussion and after continued insistence by the United States Government, the Cuban Government definitely failed to take steps adequate to relieve the political and financial demoralization of the Island, a situation would be created which would force this Government to consider very seriously whether or not some form of intervention was advisable. I do not believe that matters have as yet reached this point, and I consequently do not believe that the threat of intervention should be used in connection with a recommendation that the Cuban Congress make reductions in the budget.

MUNRO

837.51/749 : Telegram

The Secretary of State to the Representative on Special Mission in Cuba (Crowder)

WASHINGTON, *April 11, 1922—6 p.m.*

24. Your April 8, 4 p. m. Department approves presentation of memorandum transmitted with your despatch of April 5, and presentation of memorandum as outlined in your telegram, except

for last paragraph of concluding portion. It desires that this paragraph should read as follows:

"The compliance with this patriotic duty, the incorporation into the budget for 1921–23 [*1922–23?*] of the necessary reforms, the congressional approval of that budget before June 30th next, would be heralded by my government as a real demonstration in this field of successful republican government in Cuba. The failure to give that demonstration under so clear a necessity would be fatal to the possibility of averting imminent financial disaster to the Cuban Treasury, and could not but be regarded by my Government with the gravest concern."

HUGHES

837.51/764

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *April 21, 1922.*

[Received April 25.]

DEAR MR. SECRETARY: In its cable No. 24, April 11th, 6 p.m., the Department acted, in a very helpful way, on my Memoranda Nos. 6 and 7, the first dealing with "Congress and the Budget for 1922–23," and the second dealing with "The Executive and the Budget for 1922–23." Both Memoranda were presented to President Zayas, the latter in the revised form indicated by the Department, on the morning of April 13th, and with the effect attempted to be described in my No. 23 of April 17th.[27] I continue hopeful that the result will be an economical budget sanctioned by the Congress, though the action of the Senate in passing yesterday the objectionable Amnesty Law [28] is a bit disturbing. . . .

Today I am forwarding a Memorandum, No. 8, on the subject, "Graft, Corruption and Immorality in the Public Administration," [29] to which I invite the Department's very special attention, with request that I be informed by cable whether its presentation is approved. I shall follow this Memorandum with another on the Reform of the National Lottery which I hope to forward by mail not later than Wednesday, April 26th. Collectively these two Memoranda embrace about all that I think it is politic to say at the present time on reforms in the Public Administration, necessary to exclude the corruption that prevails here.

With the strong approval of the Department and warning to the Zayas Administration, through Minister Céspedes, as suggested in

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[27] Not printed; General Crowder stated that "effect promises to be most salutary".

[28] See General Crowder's telegram no. 149 of Dec. 10, *Foreign Relations*, 1921, vol. I, p. 768.

[29] Not printed.

the concluding portion of my despatch of April 5th [*March 25?*], I shall be hopeful of accomplishing much along the lines indicated during the remaining months of the current fiscal year. Without such approval and warning, I think it quite probable that little will be accomplished.

The Department will notice the deficiencies of my Memorandum No. 8 dealing with Graft, Corruption and Immorality in the Public Administration. I have not been able to present much in the way of specific instances of corruption. There is here almost a conspiracy to conceal facts, and I am utterly unable to obtain evidence which would satisfy beyond a reasonable doubt or to establish even a *prima facie* case. One merchant submitted for my confidential use a record of his sales of materiel to the Government under this administration, showing that every voucher had been padded at the request of the officials with whom he dealt to an amount always largely in excess of purchase price, and in one instance almost equal to three times the purchase price. I have no doubt that this is the general practice, but I cannot assemble the proof without the aid of compulsory process; hence my reliance on general accusation.

I have [etc.] E. H. CROWDER

837.513/50

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

[Extract]

HABANA, *May 4, 1922.*
[Received May 9.]

DEAR MR. SECRETARY: I have already addressed the Department Memoranda Nos. 6 and 7, dealing respectively with "Congress and the Budget for 1922–23," and "The Executive and the Budget for 1922–23," [30] both of which have been approved by the Department and submitted to President Zayas. I have forwarded a further Memorandum, No. 8, dealing with "Graft, Corruption and Immorality in the Public Administration" [31] which awaits the Department's action. The present Memorandum on the "Reform of the National Lottery" completes the series of important Memoranda referred to in my despatch of March 25th, which collectively embody the irreducible minimum of reforms and betterments which must be consummated if the solvency and stability of the Government are to be reëstablished.

[30] Memoranda not printed; for summary, see despatch of Apr. 9, from General Crowder, p. 1020.
[31] Not printed.

. . . . . .

One year has elapsed since Doctor Zayas, then President-elect, committed himself on the reform of the National Lottery in a letter written April 30, 1921 [32] . . .

Two days prior to the above mentioned letter, on April 28, 1921, I had included the following commitment of Doctor Zayas in my Urgent No. 66 of April 28th [33] which was shown to the then President-elect and endorsed by him before sending:

"He will immediately suppress all '*botellas*' and within a period of five months make sweeping reforms in National Lottery particularly in the *colecturía* system."

The promised action has not yet been taken and there are no indications that it is even being thought of. The evils of the system continue to undermine every phase of national life in Cuba, and the insidious corruption of the *colecturía* system has so extended itself as to render futile any hope that the evils will be remedied by the Cuban people through the ordinary agencies at their disposition.

It is my well considered opinion that the time has come for the Government of the United States to take official cognizance of the abuses, and to furnish that external support of the necessary remedial measures which, in the minds of all thinking Cubans, is absolutely essential to their successful execution.

. . . . . .

I am [etc.] [E. H. Crowder]

837.513/50 : Telegram

The Secretary of State to the Representative on Special Mission in Cuba (Crowder)

Washington, *May 13, 1922—1 p.m.*

30. Your despatch of May 4, regarding lottery.

You are authorized to present a memorandum on this subject to the Cuban Government setting forth the situation as presented in despatch. This memorandum should be similar in tone to others recently presented, avoiding any appearance of threat or any demand so insistent that Department would be embarrassed by failure of Cuban Government to comply immediately. You may, however, state emphatically that a continuation of present conditions in the lottery would be regarded by this Government as a violation of Zayas's commitments referred to in your despatch and as a most serious obstacle to any rehabilitation of Cuba's finances. Emphasis

[32] Not printed.
[33] *Foreign Relations*, 1921, vol. I, p. 692.

should be placed not so much upon Platt Amendment as upon Zayas's commitments to you and upon urgent need of the Cuban Government to avail itself of all available sources of revenue and to divert to the use of the Government the large sums which are now taken from the public by illegal methods. It is obvious that the sums so taken from the public materially diminish the capacity of the public to pay taxes to the Government.

HUGHES

837.513/52 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *May 19, 1922—1 p.m.*
[Received 9:11 p.m.]

28. Please communicate to Captain Demetrio Castillo [34] at the Army and Navy Club and prior to his interview with the Secretary on Monday the following:

"Please stress to Secretary Hughes difficulties here in the way of securing compliance with memorandum number 8, memorandum number 10, reform of the national lottery with the contents of which you are familiar and which was submitted to President Zayas May 15th; also the amount of contractual indebtedness Department of Public Works and difficulty in readjusting these contracts. Particularly do I desire you to stress to the Secretary the two unsuccessful efforts to get from the Government here a dependable national audit and that we are still without an itemization of either the outstanding floating debt or the annual deficit for the current fiscal year. Explain to the Secretary the general character of the reform in the army budget and the little we may expect in the reform of the fixed budget." [35]

CROWDER

837.51/780 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *May 20, 1922—4 p.m.*
[Received 9:22 p.m.]

29. Captain Castillo, with whom the Secretary will confer Monday, has been for several months liaison officer between the President of Cuba and my Special Mission and is confidentially informed as to the more important correspondence that has passed between us. I

[34] Liaison officer between President Zayas and General Crowder's mission.
[35] Notation on the telegram states that this message was communicated to Captain Castillo by telephone.

suggest that the discussion with him center upon the following points:

First, that Zayas has not even yet adopted that aggressive attitude toward the carrying out of the more important reforms recommended in my memoranda numbers 6, 7, 8, and 10 necessary to assure a satisfactory measure of success.

Second, that even assuming that the Congress enacts a $55,000,000 budget and the necessary tax laws before the end of the custom fiscal year and stops there, it will be many months before a surplus can be accumulated by this method alone which will afford any substantial relief to creditors.

Third, it necessarily follows, unless a large foreign loan is negotiated, that default in the payment of (*a*) the large floating debt including deficit for the current fiscal year, (*b*) the service of the interior bonded debt and (*c*) the most urgent services of the state will continue well into the next fiscal year; with the result,

Fourth, that large number of creditors who will not be able for prolonged periods to obtain even partial payment of amounts due, will be forced into bankruptcy and that public discontent, particularly among the business element, which already has reached the embarrassing point, will develop very rapidly.

Fifth, that last November a movement was inaugurated, to which I attached at that time little importance for the reason that it was led largely by politicians, to demand the resignation of President Zayas and Vice President Carillo with a view to the assumption of the duties of the President temporarily by the Secretary of State Montoro, under Article 8 of the law of the Executive power, and the selection of a new President by the Congress of Cuba in the form and manner provided in Article 9 of the said law; and that in the last few days there has been a revival of this agitation.

That of course no such movement can succeed nor do I believe it will be seriously attempted as long as the Department maintains a special mission here and Zayas is cooperating with that mission in bringing about vitally necessary reforms.

That nevertheless I think the fact of such agitation sufficiently important to suggest to the Department the advisability of admonition to be sent to President Zayas through Céspedes as recommended in the concluding portion of my despatch of May 15;[36] also that the general situation here presented be discussed with Captain Castillo at the forthcoming conference.

CROWDER

[36] Despatch not printed; its concluding portion refers to the concluding portion of the despatch of Mar. 25, from General Crowder, p. 1016.

837.51/781 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *May 28, 1922—1 p.m.*
[Received 7:06 p.m.]

30. Captain Castillo in a conference with President Zayas yesterday explained with desirable emphasis every detail of interesting interview with Secretary Hughes. In the course of that conference President Zayas remarked that he felt assured that the Cuban Senate would pass a budget in a very short time but that complications had arisen in the Cuban Lower House which made it problematical whether that house would pass the budget. He further stated to Captain Castillo that in view of the serious situation that would then be created, he contemplated the possible necessity of himself establishing a budget and of [stipulating?] the unofficial approval of such action by the United States but not involving in any way the authority of the Platt amendment. The President feels that such a course would supply the vital need of the public administration that would be created by the failure of the legislative branch to comply with its constitutional obligations and duties regarding the budget and that with the unofficial approval above mentioned, the question of constitutional irregularity of such action would not be seriously raised.

I share President Zayas' apprehension of inaction of the Lower House. Failing the enactment of a proper budget for the next fiscal year the political and financial situation of the Republic would be most serious and the continuance of the Zayas administration dangerously threatened. While the situation might be saved by such action as President Zayas appears to contemplate, if taken in unofficial accord with the United States Government, the consent to such a measure cannot, in my judgment, even be considered unless during the month of June President Zayas gives ample evidence of a complete change of policy by entering definitely upon the execution of the program of minimum reforms as outlined in my four memoranda numbers 6, 7, 8, and 10 and establishes that full cooperation with the Department which alone can guarantee the effective continuance of the new policy.

I intend to arrange an early interview, not later than Thursday June 1st, with President Zayas and say to him that my Government has directed me to ascertain at that interview what his decision has been respecting the program comprised in said memoranda which have now been in his possession for prolonged periods, and to agree upon with him the definite measures that must be given im-

mediate execution if the program is to be effective by the beginning of the fiscal year. It would be most helpful if previous to that interview President Zayas should receive notice through the Cuban Minister at Washington that the State Department considers the interview of especial importance and expects definite steps to be taken immediately thereafter.

CROWDER

837.00/2229½

Memorandum by the Secretary of State of a Conversation with the Cuban Minister (Céspedes), May 29, 1922 [37]

The Minister called at the Secretary's request. (See General Crowder's telegram No. 30, May 28, 1 p.m.) The Secretary expressed the hope that the Minister would inform President Zayas that this Government fully supported General Crowder's recommendations. The Secretary said that he wished to emphasize two points: (1) that the adoption of the course suggested by General Crowder was necessary for Cuban stability and could make a firm basis of Republican Government in Cuba; and (2) that it was a rare opportunity through which President Zayas, in effecting the necessary reforms would be able to achieve a reputation second to none in Cuban history. The Secretary called attention to the recommendations of General Crowder in his memoranda, Nos. 6, 7, 8 and 10, recapitulating these, and said that it was most important that these should be adopted. He asked the Minister to convey to President Zayas the opinion of this Government as to the seriousness of the situation and the necessity of radical reforms as General Crowder had suggested. The Minister said that he had communicated with President Zayas his own opinion along the lines suggested by the Secretary and he was glad to have this official statement of the Secretary which he would at once present forcibly to President Zayas.

837.51/786 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *June 9, 1922—11 a.m.*

[Received 3:23 p.m.]

31. Conference[s] referred to on pages 6 and 7 of enclosure to my despatch of June 2nd [38] commenced Wednesday, June 7th, and were

[37] General Crowder was informed on June 1 of this interview.
[38] Not printed.

concluded yesterday, June 8th, occupying a little more than five hours. The results of the conference, not obtained without great difficulty, may be summarized as follows:

First, acceptance of the resignation of all Cabinet officers and reformation of the Cabinet on the basis of appointments of new men as secretaries of the Departments of the Treasury, Public Works, and Government, selected for the purpose of waging a relentless war on the graft, corruption and immorality especially prevailing in these three Departments; agreement that these new men would be selected only after conference with me as to their availability to carry out these important reforms; . . . The reformation of the Cabinet along these lines to be made effective possibly within six days and certainly within the remaining days of the present fiscal year.

Second, he agreed to put into effect by Executive decree the reforms in the national lottery which the President can make without the aid of Congress as outlined in subdivision B, page 23 of the memorandum number 10;[39] that the preparation of this decree should begin at once and that I should participate in the work; that as the loss [of] *colecturias* by Congressmen would be certain to precipitate a congressional crisis, we agreed that the promulgation of this decree should be deferred until Congress had voted upon budget reduction and tax revision, but that the issuing of decree should not be postponed later than the first of July.

. . . . . .

I shall cover the incidents of my two conferences with President Zayas in a despatch when I have time to prepare it. It is sufficient to say here that the first attitude of President Zayas was one of extreme reluctance toward discussing the subject matter of memoranda numbers 8 and 10 and particularly the application to his Cabinet of the principles governing removal from office outlined in subparagraph 1, page 16 of memorandum number 8. Our first interview closed without definite commitments. At the second interview yesterday I found the President with a better appreciation of the gravity of the situation confronting the country and of the necessity for the drastic action to which he finally agreed; . . .

CROWDER

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[39] These reforms were to (1) audit and make public the expenses of the Lottery Bureau; (2) eliminate the *acaparadores;* (3) make the *colecturías* no longer sinecures; (4) have the *vendedores* buy tickets from the *colectores* at face value and limit the price of their resale under heavy penalties for violation of price set.

837.51/792

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

[Extract]

HABANA, *June 12, 1922.*
[Received June 15.]

SIR:

. . . . . .

. . . The Department has been advised in my No. 32, June 10th, 5 p.m.,[40] that the resignations of all the Secretaries were very shortly thereafter placed at the disposal of the President.

President Zayas' first step in carrying out his agreement was taken yesterday afternoon when he submitted to me a list of names which he was considering for appointment to the reorganized Cabinet. I was not impressed by his list. Accordingly I addressed him a communication acknowledging receipt (copy hereto attached marked "A"[40]) and reiterating my understanding of the results of our conferences and furnishing him a list of names that had been mentioned to me and which I thought it would be appropriate to include in the discussion of eligibles for appointments to cabinet positions. I am holding conferences today seeking advice as to individuals on both lists and others. It seems probable that a conclusion, as to the reorganized Cabinet, will be reached at an early date. I have suggested to President Zayas the propriety of bringing Céspedes here as Secretary of State and substituting [*replacing*] him at Washington by a man who could carry on just as well as he that part of the negotiations which must be carried on in Washington.

His next step in carrying out the agreement was to send to me an attorney in his confidence to assist in the preparation of a Decree to be issued on July 1st, reforming the lottery. I had an extensive conference with him and I think we shall have little difficulty in writing a final draft. I regret that we cannot proceed in this task with the coöperation of Congress and bring about complete reform by securing much needed amendments to the lottery law. It is certain that Congress will not coöperate and it is also certain that if asked to do so, the effect would be to defeat the pending projects of budget reduction and tax revision.

Meantime, I am having conferences with representatives of the "Camara." I had a most important one yesterday with the Speaker of the House, Mr. Verdeja, and the leader of the "Liguistas," Mr. Santiago Rey. They left the conference pledged to a reduction in the Fixed Budget, (Legislative Power) reducing the expenses of the Congress of Cuba by one-half million dollars. They also pledged

[40] Not printed.

themselves to incorporate in the pending budget bill a provision appropriating the surplus of the Budget for the next fiscal year to the payment of the floating debt, thus preventing any wasting of this surplus by Executive Decree.

The tax bill is meeting with unusual opposition and the charge is freely made that Mr. Hord's work will not stand analysis.[41] There is some foundation for this charge in certain complaints that have been brought to my attention and which I have analyzed and presented to the President, recommending changes in the Hord project. If upon further study we find that a satisfactory law can be framed, I believe that its enactment at this Session of Congress can be secured notwithstanding the formidable opposition that is organizing to prevent its enactment.

I think it important to invite the attention of the Department to the fact that the public press has aligned itself almost unanimously with my Special Mission in the demands for reforms and that there has been a wholesome change in this regard. Not a word has appeared in the papers during the crisis thus far anti-American in tone, or objecting to the intervention which I have had in affairs which they regard as of exclusively domestic concern. I attach hereto marked "B" copy of an open letter to President Zayas appearing in *El Mundo* of June 10th.[42] I also attach two other translations, marked "C"[42] and "D"[42] which tend to illustrate the tone of the comment by the public press.

I am [etc.] E. H. Crowder

837.51/793 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

Habana, *June 14, 1922—noon.*
[Received 4:48 p.m.]

33. Reference to my despatch of June 12th which should reach Washington to-day. We are making progress slowly in the reorganization of the Cabinet. Zayas inclined to limit reorganization to three and possibly four departments and to make appointments of members not known to be qualified. Yesterday I returned his amended list of eligibles for appointment to the reorganized Cabinet with comment which included the following:

"The supreme issue of the hour is the moralization of the public administration in all departments and branches of the Government

[41] John S. Hord was chairman of the Cuban Advisory Commission on Tariffs and Taxes, appointed by President Zayas on November 25, 1921; the Commission expired in May 1922.

[42] Not printed.

and along the general line indicated in my memoranda numbers 8 and 10. We all deprecate the talk of intervention, but no one more than myself. Your Excellency and the Congress of Cuba have it in your power to silence that talk in both countries by destroying all justification thereof. This can be easily brought about by the appointment of a Cabinet pledged to the accomplishment of this great task and by the enactment by Congress of certain legislative measures which have already been recommended. Under a patriotic call to duty issued by Your Excellency I feel that, in the present crisis, the best men in Cuba would place their services at your disposal and with adequate assurance of proper support by the Executive, would enter enthusiastically upon the prosecution of their great tasks.

The limited reorganization proposed and the list of eligibles submitted by Your Excellency leads me inevitably to the conclusion that the views herein expressed are not fully shared by Your Excellency ".

While refraining from recommending particular men for appointment I am insisting with great firmness that no man be retained in or appointed to the reorganized Cabinet who is not known to be conspicuously qualified to prosecute aggressively and courageously the important work of moralizing the public administration.

CROWDER

837.513/53 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *June 26, 1922—2 p.m.*
[Received 4:35 p.m.]

40. Zayas submitted to me on Friday last tentative draft of decree for putting into effect the reforms in the lottery administration recommended in my 32 [*31*], June 9th. His draft was one easily evaded . . . In conference with the new Secretaries of Treasury and Public Works which lasted the whole of Saturday and Sunday, I prepared a substitute draft which I have sent him this morning reiterating the request of the Department that this decree issue on July 1st as originally agreed upon and that the new appointments be made prior to that date. If decree is issued and the lottery administration confided to honest capable hands the following will be the results:

1. The *colecturías* as sinecures and corrupting influences in the public administration will be eliminated and they will be reestablished as the sale agencies that the law requires them to be. 2. The ticket speculators (*acaparadores*) will be completely eliminated. 3. As a consequence of the foregoing the collection of illegal profits amounting annually to $9,500,000 as pointed out in my memorandum number 10 page 19, will cease. 4. Expenses of the central office will

be reduced by more than a million dollars annually and this amount turned into the national treasury.

. . . . . .

CROWDER

837.513/54 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *June 30, 1922—5 p.m.*

[Received 10:05 p.m.]

41. I have great pleasure in announcing to the Department that I am officially informed that President Zayas signed this afternoon the decree reforming the lottery in the precise form in which I rewrote it. See my despatch of June 26th [43] and its enclosures which should have reached the Department this morning. The present director general of the lottery, a relative of President Zayas and the present sub-director, his son, will be replaced, the former by a man who has been agreed upon but who has not yet accepted and the latter by a very responsible official selected from the Department of the Treasury. Both men are satisfactory to the new Secretary of the Treasury and to me.

. . . . . .

I anticipate a storm of opposition from the following sources: first, from newspapers which may be compelled to discontinue publication when deprived of the very substantial aid they now receive from the lottery; second, from Congress nearly all of the members of which will be deprived of very substantial incomes which they now receive from the same source; third, from the small army of *colectores* who hold their existing *colecturías* as sinecures; and fourth, from ticket monopolists (*acaparadores*) who are entirely eliminated by the new decree.

President Zayas expressed to me the view that the issuance of this decree might result in his formal accusation by Congress. His friends have expressed to me similar apprehensions and I was asked by Secretary Cortina if President Zayas could rely in such a contingency on a supporting statement from United States Government. I replied that I would not recommend such supporting statement unless from this time on Zayas stood unmistakably and aggressively for this and other reforms and gave his new Cabinet every proper support in making effective their campaign against graft, corruption and immorality in the public administration.

CROWDER

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[43] Not printed; see telegram no. 40, June 26, from General Crowder, *supra*.

837.513/54 : Telegram

The Secretary of State to the Representative on Special Mission in Cuba (Crowder)

WASHINGTON, *July 5, 1922.*

39. Your 41, June 30, 5 p.m.

Department desires to commend you for the admirable way in which you have handled the negotiations and for the results obtained.

HUGHES

837.00/2245 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *August 21, 1922—1 p.m.*

[Received 8:08 p.m.]

51. My best judgment is that it would be helpful in overcoming anticipated obstruction by the Cuban Senate to legislative measures deemed by me vitally necessary in this country if the Secretary could see his way clear to give out a statement before leaving for Rio de Janeiro substantially as follows:[44]

"Advices received from Cuba indicate substantial progress toward a definite and satisfactory solution. The confusion, resulting from the many grave and complex problems that have arisen during the past year, is apparently being dissipated through the consolidation of the many diversified opinions regarding proper solutions into a definite program of legislative measures evolved, after long study and discussion, by the leaders of Cuban political and financial life; a program whose proper execution will constitute an important step in carrying out a proper and necessary policy of reconstruction and reform in the national administration.

The program includes the passage and execution of five fundamental measures: First, a bill providing for the modification of certain provisions of the civil service law and the suspension of others, which will enable the Executive to organize rapidly and effectively all the Executive departments and particularly the service of collecting revenues and controlling expenditures; second, a bill providing for a better and stricter system of accounting; third, a bill creating a special commission for the investigation and precise definition of the Government's floating indebtedness; fourth, a bill rendering more effective certain portions of the judicial procedure and facilitating the removal of members of the judiciary; fifth, a bill evolved from and based upon the financial program recently proposed by the Secretary of the Treasury, Despaigne, providing for the contraction [*sic*] of a foreign loan for the settlement of the floating indebtedness and the initiation of the public works, together with the creation of new taxes for the service of a loan.

[44] For correspondence concerning the visit of the Secretary of State to Brazil, see pp. 656 ff. The statement as issued to the press by the Secretary on Aug. 23 was substantially the same as the text here printed.

The first of these measures has already had the approval of both Houses and is before a conference committee to iron out differences between the two Houses. The second and third have had the approval of the Lower House and await the approval of the Cuban Senate. The fourth has also been favorably received by the Lower House, [approved] in principle and will be read at an early date, article by article, for amendment. The fifth providing for a national loan will be considered and probably finally disposed of by the Lower House this week and sent to the Senate. This fifth bill will, when finally enacted, have to be considered by the Department in determining its action under article 2 of the permanent treaty.

It is to be confidently expected that within a very short period the measures to which I have referred and which appear to be vitally necessary to carrying out the policy of large reconstruction and reform will have been enacted into law in satisfactory form. The proper execution of this legislative program, evolved and consequently [*sic*] as I have said by the leaders of Cuban national life, will undoubtedly go far, not only toward the restoration of tranquillity and confidence throughout the Island, but also toward the normalization and betterment of business conditions generally."

If, in this proposed statement, I have gone farther in giving a qualified advance approval of the loan bill than the Department desires to go at this moment, the phraseology should be modified accordingly.

CROWDER

837.51/826 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Acting Secretary of State

HABANA, *September 1, 1922—10 a.m.*

[Received 2:53 p.m.]

54. Press despatches this morning indicate wide publication in the United States of a so-called ultimatum delivered by me to the Cuban Government. Of course no ultimatum was sent. In discussing with President Zayas the lack of progress in Congress in reaching a decision on the five legislative measures mentioned in the Department's public statement of August 22nd,[45] I said to him that I would wait ten days longer for Congress to reach a decision and then would report to my Government, going to Washington if necessary for that purpose. I made this same statement to a leader of the Lower House which immediately went into continuous session for the completion of the program. It has all but completed four of these measures and it is expected that the final measure of the loan statute lists will be reached. President Zayas assured me yesterday that he felt he could count on a two-thirds majority on the latter statute in both Houses.

[45] See telegram no. 51, Aug. 21, from General Crowder, *supra*.

Obstruction in Congress mainly due to effort to amend in conference the debt commission bill by inserting language which would require all administration's indebtedness to be settled at the unit prices named in contract without regard to the fairness of the prices or legality of the contract . . . The effect of my statement thus far has been helpful to the situation.

CROWDER

837.51/826 : Telegram

The Acting Secretary of State to the Representative on Special Mission in Cuba (Crowder)

WASHINGTON, *September 2, 1922—4 p.m.*

60. Your 54, September 1. Department has issued denial to the press that a formal ultimatum has been given to the Cuban government. It is hoped that you will be able to avoid statements which can be construed by the opposition as an ultimatum from your Government with regard to a time limit. Department of course thoroughly appreciates the difficulties of the situation, and has entire confidence in you.

PHILLIPS

837.51/830 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Acting Secretary of State

HABANA, *September 5, 1922—3 p.m.*

[Received 10:27 p.m.]

58. When the Lower House met yesterday afternoon the loan statute project was read, whereupon Ferrara [46] offered a substitute project of 51 articles and house adjourned for 48 hours for consideration of substitute. Purpose of Ferrara project is to avoid a public loan and pay off obligations with certificates of indebtedness running for two years at 6 percent to be paid out of the proceeds of the following new taxes and economies: first, 1 percent gross sales tax; second, special tax of 25 percent upon lottery tickets; third, reduction of army by 2500 officers and men; fourth, reduction of representation expenses of each Congressman and Senator by $200 per month.

Cursory examination of Spanish text of Ferrara project shows failure to make explicit provision for payment of either temporary Morgan loan of $5,000,000 or $3,000,000 arrears of the interior debt and failure adequately to protect holders of certificates against

[46] Representative Orestes Ferrara.

speculators, also failure to make any adequate provision for the greatly neglected services of public roads, education and sanitation.

Unless instructed to the contrary I shall assume that it is the view of the Department that the issue of these interest-bearing certificates is the creation of a public debt requiring the sanction of the United States Government under article 2 of the peace [*permanent*] treaty.

Am translating Ferrara project and will report later. In the meantime if the Department has any comment to make upon the plan of settling by certificate of indebtedness rather than by a public loan, I would be pleased to be advised.

CROWDER

837.51/830 : Telegram

The Acting Secretary of State to the Representative on Special Mission in Cuba (Crowder)

WASHINGTON, *September 6, 1922—7 p.m.*

61. Your 58, September 5, 3 p.m.

(1) It is not clear from the information at hand whether the issue of proposed interest-bearing certificates would constitute an increase in public debt within the meaning of the Treaty, or whether the revenues of Cuba after defraying current expenses of the Government are adequate for the service thereof. The Department would be glad to have your views and additional information before expressing an opinion. If time presses suggest you telephone upon receipt of this telegram.[47]

(2) The Department is inclined to leave to your judgment the decision as to whether funds should be raised by the issue of certificates of indebtedness or by a public loan. However, in any event, the Department expects that proper provision will be made for the payment of the Morgan loan, and the arrears of the interior debt, and for the proper distribution of the proceeds resulting from the sale of the certificates of indebtedness.

(3) The Cuban Chargé informally advised Department on 5th that the revenues for the months of July and August were sufficient to meet all obligations incurred or falling due during those months, and that, moreover, there was a balance of $2,000,000 in the Treasury for the same period. Please inform the Department as to accuracy of this report.

PHILLIPS

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[47] On Sept. 7, General Crowder telephoned opinion that loan, or indebtedness created by Ferrara bill, would require sanction of United States (file no. 837.51/830).

837.51/833 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Acting Secretary of State

HABANA, *September 7, 1922—7 p.m.*
[Received 10:13 p.m.]

59. Referring to your 61, September 6, paragraph three. Mr. Meyer,[48] after personal conference with Secretary Despaigne, reports this evening that the revenues for the months of July and August exceeded the budget obligations for those months by $527,000.

CROWDER

837.51/836 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Acting Secretary of State

HABANA, *September 11, 1922—7 p.m.*
[Received September 12—10:05 a.m.]

61. Reference to my despatch of September 5th[49] and its enclosures. Have just returned from important conference with President, Secretary of the Treasury and Public Works and the mixed committee of Congress appointed to consider the Ferrara bill. Both President Zayas and Representative Ferrara expressed the view that the issue of the proposed interest-bearing certificates under Ferrara bill would cause an increase in the public debt within the meaning of article 2 of the permanent treaty and that therefore the sanction of the United States was necessary. I was then invited to discuss said bill and presented the following objections thereto.

First: that the four revenues pledged for the payment of interest and redemption of said certificates were special and temporary and did not for that reason meet the requirements of article 2 of said treaty, that interest and redemption charges should be met out of the ordinary revenues of the Island, citing in that connection article 59, paragraph third of the Constitution of Cuba and criticisms expressed in paragraph third of the memorandum of Bureau of Insular Affairs, dated Washington, September 4, 1917,[50] upon application of Cuban authorities for approval of the $30,000,000 loan of that year. This argument was not combatted.

Second: that the four revenues pledged could not be certainly relied on to produce within two years more than $50,000,000 of additional revenues necessary to meet interest and redemption charges

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[48] Secretary of American Legation at Habana.
[49] Not printed; see telegram no. 58, Sept. 5, 3 p.m., p. 1038.
[50] *Foreign Relations*, 1918, p. 304.

and that at the end of the prescribed period the Cuban Government would in every probability be confronted by another serious default in the payment of its obligations.

Third: that for the reason stated in preceding paragraph the Ferrara project would not have the effect of restoring public confidence.

Fourth: Ferrara plan made no provision for extinguishing the temporary Morgan's loan five millions nor for discharging the accumulated arrears on the interior debt.

I added that my friends would be gratified if the solution finally adopted by the Cuban Congress would permit more liberal provision to be made for the much neglected services of public works and sanitation.

The conference lasted four hours and adjourned to give Dr. Ferrara an opportunity to amend his draft to meet my objections. I anticipate that he will bring in a compromise measure providing for the settlement of the most urgent part of the floating debt, including the Morgan loan and the arrears on the interior debt, by a public loan and for liquidating the remainder through certificates of indebtedness to run for two years, both the public loan and the certificates to be guaranteed by permanent rather than temporary revenues.

CROWDER

837.51/842 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Acting Secretary of State

HABANA, *September 13, 1922—5 p.m.*

[Received 9:55 p.m.]

63. Have just concluded conference with the President. Of the five-point legislative program mentioned in my urgent number 51, August 21, the President will veto the second, namely, the law of accountability, because of the vicious amendments to the bill while in conference. He will probably veto the first, namely, the law for the modification of the civil service law for similar reasons, but will first hear Council of Secretaries as to whether they can carry on the reform program under the bill as it passed. The plain purpose of the amendments to both bills is to obstruct the program of reform as outlined in my memorandum number 8.[51] The third bill providing for a debt commission will probably be approved. The fourth bill has not yet passed the Senate.

In addition Congress in the last few days has passed a bill amending the electoral code, the effect of which is to vacate numerous

[51] Not printed; see despatch of Apr. 21, from General Crowder, p. 1024.

orders of annullment issued by Superior Electoral Board because of frauds in registration. The President has promised me to veto this bill.

Opposition in Congress has become very firm since publication of Acting Secretary's press report which is very generally misinterpreted here as meaning that Congress may obstruct the five-point program without serious consequences.

CROWDER

837.51/842 : Telegram

The Acting Secretary of State to the Representative on Special Mission in Cuba (Crowder)

WASHINGTON, *September 14, 1922—6 p.m.*

62. Your 63, September 13, 5 p.m.

Department has today given out following statement:

"Reports from Cuba are to the effect that considerable opposition has developed in the Cuban Congress to the reform program of the Cuban Government. Amendments have been made which, if finally enacted, would render nugatory the reform measures which it is hoped will be adopted, and which are essential to Cuban prosperity.

The Department was very gratified that President Zayas had undertaken to carry out the reform measures proposed, but is now very much concerned at the obstructionist action of the Cuban Congress. All well wishers of Cuba, including most of the leading Cuban citizens and the Cuban press have realized for some time that the plan as presented to the Cuban Congress is vitally necessary for stamping out corruption. No progress can be made towards the financial rehabilitation of the Island until this program is carried out.

While the situation presented by this opposition in Congress is most serious and is causing the Department a great deal of concern, the Department is, nevertheless, still confident that the matter will be satisfactorily adjusted. General Crowder has the complete confidence and support of the American Government in his difficult mission and the Department hopes and believes that it will still be possible for Cuba to carry out the reforms in the manner suggested by him, and in this way avoid the serious situation which would otherwise inevitably arise."

PHILLIPS

837.51/867

The Acting Chief of the Division of Latin American Affairs, Department of State (White) to the Secretary of State

[WASHINGTON,] *September 28, 1922.*

DEAR MR. SECRETARY: General Crowder just telephoned from Habana to say that Congress last night held practically all-night session and passed the loan law, including the provision of the one

per cent sales tax by a vote of 86 to 12. The bill comes before the Senate today, and General Crowder expects quick action. He also expects the other reform bills to be passed this week, and that Congress will then adjourn until November.

He considers it important that he should come to Washington to confer with you before the fifty million dollars of the loan is turned over to the Cuban Government, and asked if this met with the Department's approval. I told him I knew of no objection, and that he might consider there is none unless he hears from the Department to the contrary. If everything goes through as he expects, he will accordingly leave Habana some time next week, returning to Washington by sea in order to get a few days rest.

. . . . . .

WHITE

837.00/2274

The Acting Chief of the Division of Latin American Affairs, Department of State (White) to the Secretary of State

[WASHINGTON,] *October 10, 1922.*

DEAR MR. SECRETARY: I spoke with General Crowder over the 'phone this afternoon and he stated that he feels that it would be better for him to come to Washington, and he will leave tomorrow morning, arriving here on Friday. He stated that the Senate has passed the amnesty law, which will now go to the House, and which will, if enacted, completely upset the whole program reforming the Cuban administration. All of the men indicted in the lottery scandals will immediately be liberated, and it would be impossible to punish corruption. General Crowder stated that President Zayas yesterday told him that the bill will not become law. General Crowder is seeing him again at four o'clock this afternoon, and will tell him that he feels very strongly that this bill, if passed by the House, must be vetoed by him. General Crowder feels that the Department should not consent to a loan unless this amnesty bill is definitely killed.

He further stated that Mr. Morrow of Morgan and Company telephoned to him a few days ago, waiving any special rights which J. P. Morgan and Company may feel they have to a preferential position with regard to floating the loan on account of the five million dollar advance made by them last December. This, therefore, would seem to open a way to public bids for the loan. President Zayas has not yet drawn up any regulations or plans for calling for bids. General Crowder, at my request, stated that he would endeavor to obtain an indication from him before leaving Cuba as to his intentions in the matter. He stated that the Banco de Commer-

cial has made two advances, one for $400,000 and one for $500,000, to the Government in anticipation of the loan.

As regards the American audit expert, he stated that President Zayas had yesterday told him that he is in accord with the idea and would give him written confirmation of it today. Upon receipt thereof, General Crowder will telegraph the Department and the matter of Mr. Gilbert [52] going to Cuba can then be immediately taken up with the Treasury Department.

WHITE

837.51/875

The Cuban Chargé (Padró) to the Secretary of State

[Translation [53]]

WASHINGTON, *October 18, 1922.*

MR. SECRETARY: I have the honor to inform Your Excellency, in compliance with instructions from my Government, that the Cuban Congress has voted and the Honorable President has sanctioned a law which was signed on October 9, 1922, countersigned by the Secretary of Finance and published in the extra issue No. 16 of the *Official Gazette* of the Republic of Cuba,—a copy of same stamped with the seal of this Legation being sent herewith [54]—, by article 1 of which law the President of the Republic is authorized to issue bonds for an exterior loan for an amount not to exceed fifty million dollars ($50,000,000), payable in gold coins of the United States of America of the present standard and fineness.

This loan is to be contracted pursuant to my Government's program for the solution of its economic difficulties, of which Your Excellency's Government is aware. In the law whereby it is authorized, all the stipulations of article 59, paragraph 3, of the Constitution of Cuba regarding loans, have been complied with, and the purposes to which the proceeds of the bonds shall be exclusively applied are therein pointed out.

While the Honorable President of the Republic is empowered by article 8 of this legislative measure to pledge as special guarantee for the payment of the interest, expenses and amortization of the principal of this debt, and to bind and engage to said end the proceeds of whatever revenue and taxes at present in force he may deem necessary or convenient and should these proceeds—although destined to the service of other debts—reach such proportions as to allow their being applied to the purposes above expressed, he has in mind to pledge as special guarantee of this debt the surpluses of the special taxes connected with the loan that is known as Speyer's

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[52] Mr. S. P. Gilbert, Under Secretary of the Treasury; the appointment under consideration at this time was not made.

[53] File translation revised.

[54] Not found in Department files.

thirty-five million dollar loan ($35,000,000) estimated in the present Budget, (of which I send you herewith a copy stamped with the seal of this Legation) at $1,655,000, excess taxes that are now being collected and also the proceeds of the 6 percent tax on banks and corporations, estimated in the present Budget at $3,500,000, the collection of which is expected to increase. Both revenues are estimated at $5,155,000, and the Speyer's contract authorizes the disposition of said surplus; therefore, supposing an amortization of thirty years in equal yearly payments, and reckoning on an interest as high as 6 percent, the annual sum that will be needed will not reach $4,700,000, there being left an ample margin of a security that guarantees still more the transaction that my Government desires to carry out.

To the end of providing adequately for the current expenses of the Budget and for making up the deficiency which in the ordinary revenues will result when from them are deducted the taxes subject to the payment of the public debt—the creation of which is authorized by the law to which I here refer—a 1 percent tax on sales and on the exchange or transfer of merchandise is created by article 10 of said law, its proceeds being estimated at $15,000,000, which will not only cover said deficiency but will go even much further, and, in anticipation of this, the President is authorized by a transitory ruling of the law in question to reduce it even to one-half percent, if, after the lapse of the time necessary to ascertain the amount of its production, this amount should considerably exceed the sums required for the object to which it is to be applied.

As, on the other hand, the national expenses have been reduced by recent successive readjustments to the annual sum of $54,852,102.11 authorized by the present Budget, it is evident that the ordinary revenues of the Government are more than sufficient for the payment of interest and the final amortization of this public debt, after meeting the current expenses of the Government.

That said revenues may be greater, if possible, than heretofore, the same law establishes that the Cuban Government, starting from the present fiscal year, may apply all the surplus of its revenues—after paying all annual expenses and leaving in the Treasury a suitable balance for the same purpose—to the amortization of its present debts in the order and under the terms stated in paragraph 2, article 3, of the said law.

In view of these circumstances and prior to carrying out this operation of credit that is projected with quite extraordinary guarantees in order to insure its immediate success under the best possible conditions in the money market, my Government desires to know if, in accordance with the stipulations of article 2 of the Permanent Treaty of Relations between Cuba and the United States

of America dated May 22, 1903, Your Excellency's Government has any objection to make with regard to this public debt.

I take [etc.] ARTURO PADRÓ

837.51/873

The Representative on Special Mission in Cuba (Crowder), temporarily in the United States, to the Secretary of State

WASHINGTON, *October 21, 1922.*

DEAR MR. SECRETARY: I have read the note of the Cuban Government of the 18th inst., making formal application for approval by the Department of the Fifty Million Dollar Loan authorized by the Law of the Cuban Congress of October 9th, 1922, and beg leave to submit the following comment thereon:

The single question for determination arises under Article II of the Permanent Treaty between the two countries, in which Cuba stipulates with the United States that it will not assume or contract any public debt to pay the interest upon which, and to make reasonable sinking fund provisions for the ultimate discharge of which the ordinary revenues of the Island of Cuba, after defraying the current expenses of the Government, shall be inadequate.

The note of the Cuban Government states that the national expenses have been reduced by reason of successful readjustment to the annual sum of $54,852,102.11 authorized by the Budget in force. It is pertinent to invite attention to the fact that since the enactment of that Budget the national expenses have been increased by special laws until at the present time they approximate $56,000,000.00, and there will be undoubtedly some further increases to supply omissions in the present Budget to take care of vitally necessary services of the State. We may, however, I think, contemplate that the liquidation of the Budget at the end of the fiscal year will show a substantial surplus, but not in itself sufficient to take care of the service of the proposed new loan. However, in view of the enactment of the Sales Tax and the minimum estimate of the revenue which can be raised under it, namely, Fifteen Million Dollars, I have no hesitancy in saying that the ordinary revenues, which, of course, include the Sales Tax, are sufficient for the two purposes specified in Article II of the Permanent Treaty, to-wit, defrayment of current expenses of the Government and payment of the interest and sinking fund charges on the public debt; and for the further purpose of providing a surplus of receipts over expenses which will enable a substantial amount to be set aside at the end of each fiscal year for the more rapid amortization of the outstanding public debt, as provided in the Loan Statute.

Sincerely yours,

E. H. CROWDER

837.51/864½ : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *October 24, 1922—6 p.m.*
[Received October 25—12:35 a.m.]

72. President Zayas has just informed me that, assuming the loan is approved, he desires service of Governor Harding [55] in connection with the forthcoming audit and upon terms and conditions mentioned by me. He hopes that he may report on November 1st, or as soon thereafter as practicable.

CROWDER

837.51/876 : Telegram

The Secretary of State to the Representative on Special Mission in Cuba (Crowder)

WASHINGTON, *October 28, 1922—3 p.m.*

73. Your telegram No. 72, October 24, 6 p. m.

Governor Harding has arranged to leave Washington November 1, arriving Habana November 3, 5 p.m.

HUGHES

837.51/875

The Acting Secretary of State to the Cuban Chargé (Padró)

WASHINGTON, *November 1, 1922.*

SIR: I have the honor to acknowledge the receipt of your note of the 18th instant [*ultimo*] in which you inform me, in compliance with instructions from your Government, that the Cuban Congress has voted and President Zayas has sanctioned the law of October 9, 1922, published in the extraordinary edition No. 16 of the *Official Gazette*, a certified copy of which you enclosed, Article 1 of which authorized the President of Cuba to issue bonds for an exterior loan in an amount not exceeding $50,000,000, payable in gold coin of the United States of America of the present standard and fineness.

[Here follows a recapitulation of the Chargé's note, printed on page 1044.]

In reply I desire first of all to express to you my gratification at the information which you convey to me that this loan is to be contracted pursuant to the program of the Cuban Government for the solution of its economic difficulties.

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[55] W. P. G. Harding, Governor of the Federal Reserve Board.

In view of your statement that the Cuban Government, pursuant to the report of the Commission charged with the revision of the internal revenues and tariff schedules, has provided for additional revenues estimated at $15,000,000 annually, and in view of the statements made in your note and the supplementary information submitted to the Department of State to the effect that the service of the proposed loan can be made from the ordinary revenues of the Republic, the ability of the Government of Cuba to meet the service of this proposed issue from its "ordinary revenues" as provided for in the treaty between Cuba and the United States of 1903, would appear to be indicated, provided that the annual expenditures for the present and succeeding fiscal years, during the life of the loan, are not increased in such manner as to imperil the service of the contemplated loan and the existing debts of Cuba.

As regards the adequacy of the specific revenues allocated to the service of the proposed loan, however, the Department is unable to express an opinion other than to say that it presumes that should these not prove to be sufficient at any time the President of Cuba will, in accordance with the authority granted him under the loan statute, pledge such additional funds from the ordinary revenues of the Cuban Government as may be necessary to meet the service charges, and I should be glad to have your confirmation of this. Subject to the foregoing, I am happy to inform you that the Department has no objection to the negotiation by the Cuban Government of the loan described in your note under acknowledgment.

Accept [etc.] WILLIAM PHILLIPS

837.51/881b

The Acting Chief of the Division of Latin American Affairs, Department of State (White) to the Representative on Special Mission in Cuba (Crowder)

WASHINGTON, *November 2, 1922.*

DEAR GENERAL CROWDER: I am just in receipt of a letter from Mr. Blair of Lee, Higginson and Company stating that they are very much interested in the Cuban loan, and that they hope nothing will come up which will prevent them from bidding. Mr. Blair inquires whether the bankers will all bid on the same form of bond to be decided upon by the Cuban Government prior to receiving the bids, or whether each banker will be free to suggest the form of bond he desires to bid on. I told Mr. Blair that so far as I knew this point had not been determined by the Cuban Government. Can you give me any information on this subject?

With kindest regards [etc.] FRANCIS WHITE

837.51/879

The Cuban Chargé (Padró) to the Secretary of State

[Translation]

WASHINGTON, *November 3, 1922.*

MR. SECRETARY: I have the honor to acknowledge the receipt of Your Excellency's note, dated November first, 1922, in which you are pleased to inform me, in answer to the note of this Legation of October 19 [*18*], 1922, that the Department of State has no objection to offer, under the stipulations of Article II of the Permanent Treaty of Relations between Cuba and the United States of 1903, to the negotiation by the Cuban Government of the fifty million dollar loan ($50,000,000) authorized by the law of October 9, 1922.

In conveying to Your Excellency the gratification of my Government for your aforesaid communication, I am pleased to inform Your Excellency that, having expressly consulted it on this subject, my Government wishes me to ratify its opinion that the taxes specially allocated to cover the service of the new loan are sufficient and, at the same time to confirm the interpretation of Your Excellency that, if by whatever cause this were not so, the President of Cuba will pledge additional funds from the ordinary revenues of the Cuban Government to that service in accordance with the authority that the loan statute has granted him.

I take [etc.] ARTURO PADRÓ

837.51/879

The Acting Secretary of State to the Cuban Chargé (Padró)

WASHINGTON, *November 4, 1922.*

SIR: I have the honor to acknowledge the receipt of your note of the 3rd instant, in which you inform me that your Government authorizes you to state that in its opinion the taxes especially allocated to the service of the loan mentioned in your note of October 18, 1922, are sufficient and, at the same time, to state that should they for any reasons not be sufficient the President of Cuba will pledge additional funds from the ordinary revenues of the Cuban Government to the service of the loan, in accordance with the authority granted to him by the loan statute.

In view of this assurance I take pleasure in informing you that the Department has no objection to the negotiation by the Cuban Government of the loan described in your note under acknowledgment.[56]

Accept [etc.] WILLIAM PHILLIPS

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[56] At the same time the Acting Secretary informed the Chargé orally that the Government of the United States viewed with great concern the pending amnesty bill as well as the possibility of any changes in the existing Cabinet. The amnesty bill became a law June 5, 1924.

837.51/880 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *November 8, 1922—5 p.m.*
[Received 10:52 p.m.]

75. Because of illness, not serious, which has confined President Zayas to his room since Friday last he has been unable to meet either Governor Harding or the representatives of Morgan and Company. Until conferences have been had am unable to report to the Department terms and conditions on which the loan will be offered to the public.

Official count recent elections progressing slowly but first indications that Liberals had carried all the provinces except Pinar del Rio are being confirmed as the canvass progresses.

CROWDER

837.51/880 : Telegram

The Secretary of State to the Representative on Special Mission in Cuba (Crowder)

WASHINGTON, *November 9, 1922—6 p.m.*

80. Your 75, November 8, 5 p.m.

Lee, Higginson and Company sending representative Cuba Friday or Saturday if assured Cuban Government wishes competitive bidding. Other bankers also interested. Please telegraph as early as possible manner in which loan will be negotiated.

HUGHES

837.51/884 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *November 10, 1922—noon.*
[Received 10:45 p.m.]

76. Reference to your urgent number 80, November 9, and letter of Mr. White November 2. Loan situation may be briefly summarized as follows: Mr. Morrow and associates representing Morgan and Company here on special invitation of President Zayas to advise the Government as to the general terms and conditions upon which the proposed Cuban loan should be offered under the discretionary powers given the President by the loan statute. President Zayas during the past week has been quite ill, in fact unable to see even the members of his Cabinet. Mr. Morrow however has discussed the whole problem in several interviews with me and Governor Harding and has had several conferences with Secretary of the Treasury. In his first interview with me last Monday he stated that despite the fact

that the contract of October 7th, 1921, for the $5,000,000 temporary loan provided that such loan was made as part of a larger loan to be negotiated with his firm after the budget was balanced he was willing to waive any of the obligations the Cuban Government expressed or implied in that contract. He further advised me that under the anomalous situation in Cuba at the present time due to the radical Cabinet changes made in June it is his opinion that the President of Cuba, subject to the approval of the United States Government, should determine all the conditions of the loan, including rate of interest, sinking fund, security etc., and that the loan should then be offered for open competitive bidding of the type followed by New York and other municipalities in the United States. The Secretary of the Treasury is considering this advice but has not yet had an opportunity to see the President. Mr. Morrow has emphasized strongly to me and to the Secretary of the Treasury of Cuba that inasmuch as $44,000,000 of the proposed $50,000,000 loan is in reality to take care of deficits and losses incurred during the Menocal administration and the period of confusion that followed and only $6,000,000 is for new public works, there should be as rapid an amortization of the loan during the early years as the Cuban budget will permit. While the exact method of disposing of the loan cannot be definitely determined until President Zayas either recovers or can be persuaded to delegate the matter to the Secretary of the Treasury, I am personally of the opinion that Mr. Morrow's advice is sound in principle. I think that there are great disadvantages in having competitive bidding by private negotiations. It will almost certainly result in some bankers suggesting terms with reference to lifting amortization of the debt that might interfere substantially with the plans for economy. Especially will this be true if the bankers are either unfamiliar with or indifferent to the public aspects of the United States position here.

If this view is ultimately adopted there will be full advertisements and a chance for everyone to compete openly. Lee, Higginson and Company and others should be encouraged to send representatives here but I should appreciate it if the Department would say a word of caution to them about avoiding any advice as to the character of the loan which would lead the Cuban Government to relax the very great efforts which are being made under the new Cabinet for strongest economies. There is no objection to communicating so much of the contents of this message as you desire to Lee, Higginson and Company.

Representatives of Speyer and Company and Blair and Company arrived this morning and I will present them to Secretary Despaigne this afternoon.

CROWDER

837.51/921 : Telegram

The Representative on Special Mission in Cuba (Crowder) to the Secretary of State

HABANA, *January 13, 1923—2 p.m.*
[Received 5:23 p.m.]

5. Loan awarded to Morgan and Company by Presidential resolution today.

CROWDER

WITHDRAWAL OF UNITED STATES MARINES FROM CAMAGUEY [57]

837.00/2178a : Telegram

The Secretary of State to the Representative on Special Mission in Cuba (Crowder)

[Paraphrase]

WASHINGTON, *December 9, 1921—6 p.m.*

185. The Government of Cuba has expressed desire that the Marines should be withdrawn from the Province of Camaguey. Please cable whether in your opinion their presence there is still necessary.

HUGHES

837.00/2184

The Under Secretary of State (Fletcher) to the Secretary of the Navy (Denby)

WASHINGTON, *January 24, 1922.*

SIR: With reference to my letter to you of December 19,[58] and to your reply thereto under date of December 23,[58] regarding the withdrawal of the marine garrison at Camaguey, Cuba, I beg to advise you that the Department of State is now informed by General Crowder that he is satisfied that local conditions no longer require the retention of this American garrison at Camaguey, and that adequate provision has been made for the protection of American property in that vicinity. I beg to request, therefore, that instructions may be issued in order that the withdrawal of the marine garrison from Camaguey may take effect without delay.

I have [etc.] HENRY P. FLETCHER

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[57] See *Foreign Relations*, 1918, pp. 276 ff.
[58] Not printed.

837.00/2195

The Secretary of the Navy (Denby) to the Secretary of State

WASHINGTON, *January 26, 1922.*

SIR: In compliance with the request in your letter of January 24, 1922, LA 837.00/2184, orders will be immediately issued directing the withdrawal of the Marine Corps garrison now at Camaguey, Cuba.

This detachment will be withdrawn to the U.S. Naval Station, Guantanamo Bay, Cuba, where it will complete its target practice and whence it will be returned North on vessels of the Fleet early next spring.

I have [etc.] EDWIN DENBY

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